FARM MACHINERY

HEARINGS

BEFORE THE

SUBCOMMITTEE ON FERTILIZER AND FARM MACHINERY

OF

THE COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

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FARM MACHINERY

MONDAY, MARCH 19, 1951

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FERTILIZER AND FARM MACHINERY OF THE
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m. in room 1310, New House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Mr. ABERNETHY. The committee will come to order, please.

Within recent weeks there has come to the attention of the members of the House Committee on Agriculture the question of a serious shortage of steel necessary to the manufacturing of farm implements which will be so sorely needed and which will be absolutely essential to the farmers of the Nation to meet the food and fiber production goals during this emergency.

We do not know how much our effort might contribute to a solution of the problem, but the members of the committee and the full committee, for that matter, thought it well that we air the subject for 2 or 3 days, with the hope that some good would result therefrom.

We all recall that during World War II that the allocation of steel to the implement manufacturers for the benefit of agriculture was very low. I am told that in 1943 when we had gotten well into World War II that the allocations of steel for farm implements amounted to only 23 percent of the quantity used in the year 1940. Of course, we all know that 1940 was not a peak production year for farm implements.

We hope to avoid the mistakes made during World War II during the present emergency.

When we conducted the hearings a few weeks ago on plant food we pursued a procedure which is a little different from that pursued by the full committee. I regret to say that I was one of the first violators of the suggested procedural rules. However, I would like to suggest again that the witnesses be permitted to complete their statements before questions are propounded and that at the conclusion of the witness's statement that Mr. Heimburger of the committee staff propound such questions as he has in mind and then the members of the committee will have their turn. I realize that cannot be a fixed, fast rule, but I think that it tends to expedite the hearings.

We are very glad to have you with us this morning Mr. McCormick, representing the Department of Agriculture, and we will be delighted to hear from you now.

STATEMENT OF CLARENCE J. McCORMICK, UNDER SECRETARY OF AGRICULTURE

Mr. McCormick. Mr. Chairman and members, I welcome this opportunity to review with you one of the most vital phases of agriculture's participation in our defense mobilization—the farm machinery equipment situation.

I appreciate, too, your own awareness of the importance of farm machinery in our present situation. Perhaps I can be pardoned if I speak as a farmer as well as the Under Secretary in expressing my personal appreciation of your concern over this problem. I believe all farmers share my feelings.

There is certainly no need for me to emphasize to this committee the importance to this Nation, and to much of the world, of the production of American farms.

The Department of Agriculture, in carrying out its assigned responsibility under the Defense Production Act of 1950, prepared an estimate of 1951 food and fiber requirements. The extent of these requirements left no alternative but to ask American farmers for the greatest agricultural production in our entire history.

Farm production in 9 out of the last 12 years either has set a new record for production or has equaled the record then existing. In 1948 and 1949, total farm output ran about 40 percent above the 1935–39 average, and last year about 37 percent above prewar. For 1951, we are shooting for a total farm output about 45 percent above the pre-World War II level. Our 1951 aim is high.

But, even so, the 1951 production guides announced by the Department represent a compromise, in some cases, between what we feel we actually need and the amount that can be produced in 1951 with available land under favorable conditions.

Very little additional land can be brought into production. This means that if we are to meet food and fiber needs, both present and prospective, we must, somehow, increase the productive capacity of our present agricultural plant.

Fortunately, we know how to do this, as evidenced by the 25-percent increase in agricultural production in the past decade with about the same number of acres in production today as in 1941. There are still fertile opportunities for additional progress. To reach today's high production levels farmers have had to put more and more dependence upon mechanized methods.

Any determination of requirements for new farm machinery and equipment must take into consideration three principal factors. First is the amount required to replace wornout and obsolete equipment. Second is the very important requirement for machinery to accomplish shifts and increases that are necessary to bring over-all farm production in line with the pattern of need for food and fiber. Third is the quantity needed to compensate for continuing reduction in the farm labor force.

The first of these three factors is a continuing requirement. Moreover, as the number of machines on farms increases, the replacement requirement rises. We must not lose sight of the fact that the shift from animal to tractor power is continuing, and must continue if we are to bring our farm plant to peak efficiency. This means that provision must be made for the replacement of work animals with

tractors, and for the replacement of horse- and mule-drawn equipment with tractor-operated equipment.

The requirement for machinery to accomplish needed shifts in the pattern of farm production must be met partly through adjustments in the pattern of farm-machinery production and distribution, and partly through increased production of the kinds of machinery required for crops whose increased production is required.

The third factor, the requirement for machinery to compensate for the continuing decline in the farm-labor force, causes us considerable concern at the present time.

In recent testimony before your committee on the farm manpower situation, you will recall that I pointed out that farm output per man-hour is now approximately 50 percent above the 1935–39 average. This tremendous increase in worker efficiency is an accomplishment that all of us can be proud of. But we must not forget that it was made possible largely through the extension of skills and capacity afforded by the increased use of farm machinery.

Increased nonfarm employment opportunities have absorbed large numbers of workers normally available for seasonal agricultural work. It has decreased the supplies of local and migrant workers. It has made necessary in recent years the employment of out-of-area workers—domestic and foreign—in areas not normally dependent on such workers. Military inductions and increasing employment opportunities in defense industries are accelerating these trends.

Moreover, we are facing a mobilization effort of uncertain duration. In agriculture, therefore, we are gearing for a long-pull effort. The Nation needs increased farm production in 1951. But it may need even greater production next year, the second year, the third, fourth, or the tenth year. In short, we are not in a one-shot situation. We must plan now for foreseeable future needs. And we must go beyond this to the extent possible to prepare ourselves against a more acute emergency should it develop.

You will recall that in estimating agricultural manpower requirements for 1951, I pointed out that we will need almost as many man-days of labor as were utilized in 1949, and nearly 6 percent more than were used last year. But I would like to emphasize that in making this estimate it was necessary to anticipate greater efficiency and larger output per man-hour than in 1949. If farmers are to accomplish this greater efficiency, they must have the tools with which to do the job.

We carefully studied all these factors. We related them to our estimates for food and fiber requirements—both immediate and long-term. The results of our study indicated that the over-all production of new farm machinery during 1951 should be maintained at no less than the 1949 level, and that the production of repair parts should be increased to not less than 105 percent of the 1949 level.

Let me say by way of explanation—we used the 1949 manufacturing year as a basis for comparison for the reason that it is the latest year for which we have complete and accurate machinery production figures. Advice from the farm equipment industry now indicates that over-all production during 1950 was approximately at the same level as during 1949.

We have taken every opportunity to make these farm equipment needs known and generally understood.

In accordance with responsibility assigned to the Department of Agriculture as claimant agency for farm machinery and equipment, this estimate of requirements was transmitted by Secretary Brannan to Secretary Sawyer on October 26, 1950.

And, we have considered it our responsibility to keep all other segments of the defense production organization concerned with the farm machinery problem continually aware of its tremendous importance to agriculture. We believe it is the intent of the Defense Production Act, and a necessary part of our cooperation with the defense production organization, that we continue to press most vigorously for what we regard as essential tools for food production and the requirements of the farm equipment industry if it is to be able to supply farmers with those needed tools.

To further assist us in fulfilling our commitments as claimant agency, we have asked county PMA farmer-committees to survey their local requirements for farm equipment and repair parts. We expect the results of this survey to be invaluable to us as a basis for requirement estimates in the future.

Unfortunately, however, the current rate of production of new farm machinery and repair parts is falling behind that necessary to meet these requirements. Advice from the industry indicates that unless something is done now to reestablish the flow of needed materials to farm machinery manufacturers, over-all production will likely be down to no more than 75 percent—perhaps as little as 50 percent—of the 1950 rate by midyear.

Even these figures do not fully reveal the seriousness of the situation. The impact of the present reductions in the production and distribution of materials is not uniform. The smaller manufacturers generally are more acutely affected. We have received numerous appeals for assistance from small manufacturers of important specialized agriculture equipment. Some of them urgently need assistance to prevent them from having to discontinue operations entirely. Many others are being forced to seriously curtail production. And this is not restricted to the small companies.

The present unfavorable farm machinery situation need not continue. It can be remedied now—and must be—if food and fiber production this year is to meet known requirements.

We have every reason to believe that adequate provision can be made in a comprehensive materials allocation program for production of farm machinery at a satisfactory level. Realizing this, we are seriously concerned about the interim period before a comprehensive materials allocation program can be put into operation. There is a distinct possibility that some manufacturers—and considerable numbers of skilled workers—that will later be needed in farm machinery production, may be lost, during the next several months, to other types of manufacturing and other occupations.

A brief review of the early years of World War II will help us to better realize the possible implications of the present situation. Manufacturers of farm machinery began to have difficulties in obtaining some materials as early as the spring of 1941. At that time, farm machinery production was being expanded to make up deficiencies that resulted from the unfavorable economic conditions of the "thirties." A similar situation exists today when production is only now begin-

ning to satisfy the pent-up demands growing out of the shortages of the war years.

As a result of supply difficulties, manufacturers of farm machinery were granted priorities assistance beginning with August 1941. They were assured materials in quantities not exceeding 120 percent of the amounts used in corresponding months of the previous year. When the United States became actively engaged in the war, therefore, the farm machinery situation was generally satisfactory. But the immediate, dominating requirements for direct war production made it obvious that a substantial reduction in farm machinery output would likely be required.

To be prepared for this eventuality, stress in determining requirements was therefore placed on finding out how small a quantity of farm machinery would actually be needed by farmers to carry on their farming operations. After "squeezing all the water" possible out of the estimates, a 1942 program was finally developed by this Department that called for 108 percent of the 1940 production. This was cut back to 80 percent of 1940 by the Supply Priorities and Allocations Board, and the limitation order which authorized the program at this level was not announced until December 31, 1941, well after the beginning of the production year. Material shortages were complicated by the fact that requirements for defense production had to be met exclusively out of a diversion from civilian uses. Moreover, the production of automobiles, for example, had not yet been discontinued. Both developments cut even deeper into farm machinery production. As a result, actual 1942 production was about 10 percent below the levels authorized—less than three-fourths of 1940 production.

There was a fully proved need for at least as much farm machinery in 1943 as had been produced in the previous year—but the farmers didn't get it. Realization came too late then; we must remember that now.

Despite warnings from the Department of Agriculture that it would be inadequate, the 1943 program approved by the War Production Board called for only 23 percent of the 1940 level. Even this low figure was cut still further. Original authorization was limited to 75 percent of that amount.

The situation was further complicated by adoption of the so-called concentration plan, which tried concentrating farm machinery production among just a part of the industry to allow other companies to convert to war production. As the Department of Agriculture had warned, the concentration idea plus the sharp cut-back in authorization upset the industry, caused a widespread closing down of production lines, and the lay-off of experienced workers in a large segment of the industry.

Evenutally, concern over adequacy of food supplies forced several modifications in the original program. The War Production Board tried, too late, to change its sights. The quantity of farm machinery finally authorized for production under this program by the time it ended was about double the amount intended at the start. Unfortunately, that belated authorization didn't mean production. Actually, we wound up with only about 20 percent of 1940's production. Inability of manufacturers to start up production lines promptly after a period of idleness was the chief reason for this completely inadequate output.

The folly of allowing the "pipeline" to run dry was, of course, finally recognized. But the damage had already been done. The task of providing adequate supplies of farm machinery and equipment by then was much more difficult than it might otherwise have been. It became necessary to rebuild the production level during a critical period when competition for materials, labor and production facilities was even greater than during the shut-down period. I don't think that any of us want to find ourselves in that kind of position again. But, if the present trend is allowed to continue, a situation similar to the one I have just described could quickly develop.

I believe that one other important lesson can be learned from the World War II situation. It's simply this: Should the present emergency become more acute—should we, for instance, become suddenly involved in an all-out war—direct military requirements would immediately multiply. It might then become imperative to divert a very much heavier percentage of available materials and production facilities to production of armaments and munitions.

Is it not reasonable, therefore, to pay increased attention now, when direct defense requirements are comparatively small, to fully "tooling up" our farms so that they will be prepared for the all-out production of which they are capable should the necessity arise?

Another point should be mentioned. Because of the large variety of machines and equipment used in agriculture, most farm equipment is not produced on the usual mass-production basis with a continuing production line. Implement requirements for a particular machine are turned out in time to meet seasonal needs. This practice makes it necessary to plan production and to program material allocations to the industry on a longer-range basis than for most industries. The farm machinery production year must anticipate the crop year by six or more months if the machinery is to be made available to farmers when it is needed.

Under these circumstances, it is obvious that lack of sufficient materials at the time a particular machine is scheduled for production may easily mean loss of all or a substantial part of a full year's production of the machine.

Under these circumstances, it is obvious that lack of sufficient materials at the time a particular machine is scheduled for production may easily mean loss of all or a substantial part of a full year's production of the machine.

Up till now, I have been talking about the need for continued manufacture of new farm machinery as complete units. Now I want to turn to the vital importance of repair and replacement parts. This problem of repair and replacement parts warrants special attention.

We must do the best possible job of conserving the farm machinery already in existence. Farm machinery must be used more intensively during a period of high production. Under these conditions greater supplies of repair parts and other maintenance supplies are required than under normal conditions when farmers can get all the new farm machinery they want and need.

An intensive repair and maintenance program has a direct effect in conserving steel and other critical materials. Every machine that is kept in active production through proper care and maintenance reduces by one the number of similar new machines that would otherwise be needed.

The Department has already started a farm machinery conservation program. It is calling on farmers to keep their farms in good shape mechanically to meet the Nation's defense food needs and is giving them every possible assistance through our State and county agricultural mobilization committees.

At the same time, we have asked the farm equipment industry to make every possible effort to maintain its production of repair parts at a level which will permit full need to be satisfied. Even though this may mean using a greater than normal proportion of available raw materials for these purposes.

We also have asked the industry to give even more than its usual amount of attention to the problem of distributing repair parts so they will be readily available to farmers where and when they are needed.

Growing of crops and animals is not a process that can be turned on or off by the simple flick of a switch. Every farming operation must be performed at the proper season; at the proper time in that season.

We can't stand waste and lost production. Yet that's what we risk if adequate repair parts for farm equipment aren't always available.

Look at it this way: When a young farmer is deferred from our fighting forces because he is an experienced, skilled farm-equipment operator who can handle a $5,000 piece of machinery, cutting and combining some 60 acres of grain in a day, the country's got a manpower investment at stake. That manpower investment was counted upon to produce food. A lot more manpower was used in getting that crop ready to harvest. Badly needed supplies of seed, fertilizers, and insecticides have also gone into producing that crop—because we expected it to provide food for the country.

But all that manpower and vital materials can be wasted—just because some necessary replacement part is lacking for that farm machine right when it is needed for harvest. That farmer's productive usefulness is wasted until he can get that part. His entire crop might be at stake, if it takes several days to get the repair parts he needs. Can we risk wasting all the investment of manpower and materials we already have in that crop—an investment for food for this country—just for want of some repair parts?

The response of industry to this urgent need has been overwhelmingly favorable. However, industry spokesmen have pointed out that their ability to cooperate will necessarily be conditioned upon the continuing availability of materials needed to produce repair parts at the desired level.

We believe that our over-all requirements estimate for new farm machinery and repair parts is valid. It is our opinion that if materials equivalent to a minimum of 100 percent of the 1949 production of new farm machinery and 105 percent of the 1949 production of replacement parts are used for these purposes in 1951, farmers will be sufficiently equipped to meet 1951 food and fiber requirements and will be in a stronger position to tackle whatever request is made of them for 1952.

Within this over-all quantity of materials, we believe that manufacturers should be free to use a larger proportion for repair parts if this should prove desirable—even though this might result in some reduction in the output of complete machines.

We believe an effective priority system must be set up now, and carried beyond articles needed for direct defense in a military sense.

We believe that the essentiality of farm machinery and equipment in relation to other products of industry not needed for military must be determined and used in the allocations program.

We further believe that allocations authority must be put into effect immediately that will reflect the degree to which we need various manufactured products, and have enough teeth in it to see that the materials are made available for the production of those we need most—rather than be gobbled up for less essential purposes.

Only some such action will make it possible for farm machinery to compete successfully for available materials with less essential products.

Mr. ABERNETHY. We thank you, Mr. McCormick. Mr. Heimburger.

Mr. HEIMBURGER. I want to ask one or two questions. Your recommendations to the defense agencies for farm-machinery production at the level of 1949, has that been a general recommendation or have you listed the specific machines that were manufactured in 1949 and said, "We need that many of these machines in 1951"?

Mr. MCCORMICK. Could I call on my coworker, Mr. Taylor, to answer the question?

STATEMENT OF L. B. TAYLOR, DEPARTMENT OF AGRICULTURE

Mr. TAYLOR. The recommendation we made has been in general without breaking down into specific machines. It was made on the basis of trying to keep the entire industry in operation and not to close down part of it or to select certain machines to build and then have the material for others.

Mr. HEIMBURGER. I noticed that you made this survey some time in the summer or early fall of 1950 and then made this formal recommendation to Secretary Sawyer on October 26, 1950. What happened after that?

Mr. MCCORMICK. In the meantime we had been receiving applications from different manufacturers for this or that item, as the case might be, and, also, we are asking the committees on the farm, in the counties, to send in their recommendations as to what it appears is needed in that particular county.

Mr. HEIMBURGER. I was thinking more, Mr. Secretary, of what happened to your recommendation to Secretary Sawyer; what kind of an answer did you get?

Mr. TAYLOR. I would like to make one point clear on the survey going out to the States and the counties. That is in their hands now. We do not have that in. So the recommendation we made, first, was based upon our knowledge of what we thought we needed and then, also, on the basis of working with the industry as to what the need was. I want to clarify that point.

Then this letter that was sent over, giving our requirements, covered not only farm machinery, but many other agricultural supplies. That was sent over in October, but there has not been any definite action taken on that proposal.

Mr. HEIMBURGER. Was the letter answered?

Mr. TAYLOR. We had a request back for more copies of the document, but I do not believe there has been an answer to tell what action has been taken.

Mr. HEIMBURGER. Can you tell us what action has been taken in the defense agencies on farm machinery; has farm machinery production been cut by action of the defense agencies?

Mr. TAYLOR. I think it is rather hard to say, because the definite cuts that have come as a result of orders have been in the use of some of the scarce metals. It is rather hard to tell when you cut the amount of copper that can be used by a company whether that definitely would affect machines, whether substitutions can be made, whether changes can be made. Those are the types of orders that have been put out.

Mr. ABERNETHY. There is no question but what it has been cut. Mail has come to my desk since these hearings were announced which clearly indicate that. I have had letters from several fabricators of steel, particularly small fabricators who manufacture farm machinery. To give you a direct illustration, an anhydrous ammonia manufacturer has had his steel allocation cut to such a level that he practically has shut down. Although I do not desire to exaggerate the situation to that extent, I will say that steel shortages have definitely slowed down farm machinery manufacturers. So that would indicate definitely, so far as I know, that they have been drastically cut back.

Mr. TAYLOR. I would like to clarify the point. The question was whether the actions of these orders had cut them down. I was addressing myself to that point and not to the allocations that they get from the steel companies. I was directing my answer to whether formal action or not had been taken.

Mr. HEIMBURGER. Of course, what I had in mind was the situation which the chairman has described. Have there been conferences between the Department of Agriculture and the defense agencies on the recommendations for farm machinery and farm materials?

Mr. TAYLOR. There have been discussions day to day by various of us, all they way through from the time this came up.

Mr. HEIMBURGER. What has been the nature of those discussions, do they discuss the quantity of machinery and materials that you have said were necessary or are the discussions as to how they will be able to get the steel and other raw materials that are needed to meet agriculture's requirements?

Mr. TAYLOR. I think a large part of the discussions have been on the basis of trying to get some method which would get enough material to these companies to keep them in operation at a level that would not require them to lay off their people.

Mr. HEIMBURGER. Is it your impression—and I will address this to the Secretary, but Mr. Taylor may answer it if the Secretary desires—is it your impression in these negotiations that farm machinery and the other essential farm supplies and equipment have been considered in the category of jukeboxes, toy pistols, automobiles, tricycles, and all of the other civilian things, or have they been considered in the category of the things that are considered to be necessary from the defense standpoint?

Mr. McCormick. Well, as I understand it, they have authority to consider, first, military uses of steel and all other categories—except two exceptions have been thrown into one category. And it would be only an individual judgment if they did consider machinery different than jukeboxes or toys.

Mr. Heimburger. In other words, there is no policy which says that farm machinery is an essential item along with the direct military requirements?

Mr. McCormick. One of the things we would desire That is one.

Mr. Heimburger. Just one other question, Mr. Secretary.

Do you have figures in the Department showing the production of farm machinery year by year for the past 10 years, say?

Mr. Taylor. Yes.

Mr. Heimburger. Could those be made a part of the record, Mr. Chairman?

Mr. Abernethy. Yes. That will be done without objection.

(The information to be furnished is as follows:)

TABLE I.—*Manufacturers' sales of farm machines for domestic farm use, United States, 1935–39 average and 1940–49*

Item	Manufacturers' sales for domestic use											
	1935–39 average	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	Percent 1949 is of 1940
TRACTORS [1]	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	
Wheel type tractors	151.0	206.0	276.0	204.7	76.0	198.0	177.0	193.0	333.0	433.0	451.0	218.9
Crawler type tractors	4.8	9.7	12.5	1.6	1.5	4.4	8.0	7.2	9.0	12.8	12.2	254.2
Garden tractors	3.8	4.4	8.1	12.0	6.9	11.2	13.2	54.6	79.5	78.4	60.8	1,600.0
PLOWS AND LISTERS												
Plows:												
Tractor moldboard	102.5	146.4	179.0	147.3	52.0	116.1	143.0	135.4	216.4	271.8	278.3	190.1
Tractor disk plows	5.8	10.0	14.0	12.8	4.5	11.8	10.0	10.0	35.9	53.3	55.4	554.0
Horse-drawn, walking	183.9	113.6	112.9	100.0	59.8	74.5	76.6	74.2	98.5	96.6	45.4	40.0
Horse-drawn, sulky and gang	6.1	2.4	1.7	1.9	.4	1.2	.2	.2	.1			
One-way disk plows or tillers	9.5	11.7	17.1	13.4	4.8	10.7	10.4	14.9	23.2	32.7	19.9	170.1
Listers, drawn and mounted (with or without planting attachments)	30.1	33.8	42.3	34.8	15.8	36.3	59.4	38.7	46.8	60.0	60.4	178.7
HARROWS, ROLLERS, AND PULVERIZERS												
Disk harrows, all types	91.1	100.2	138.4	108.4	48.0	117.7	111.0	161.4	219.4	304.4	265.2	264.7
Spike-tooth harrows (number of sections)	172.2	176.1	233.3	189.1	66.7	191.4	193.1	232.6	343.1	477.9	353.3	200.6
Spring-tooth harrows (number of sections)	106.1	96.4	108.5	103.7	22.5	90.1	99.9	99.5	120.4	167.8	160.2	166.2
PLANTING, SEEDING AND FERTILIZING MACHINERY												
Grain drills, plain and fertilizer types	36.5	35.8	47.4	41.4	13.7	46.4	49.1	34.1	46.7	61.9	65.1	181.8
Corn and cotton planters:												
Horse-drawn, 1 row	56.7	46.0	47.6	46.9	21.1	34.0	32.7	27.6	31.6	37.5	32.3	70.2
All other (mostly 2-row and larger)	55.2	40.4	59.6	60.0	20.0	55.4	58.1	47.3	69.7	113.7	156.5	387.4
Manure spreaders	40.7	45.8	69.3	62.5	18.6	46.5	46.2	43.0	58.8	113.1	116.3	253.9
Potato planters (all sizes)	3.4	3.8	3.2	3.0	2.8	4.3	4.8	4.6	3.4	2.9	1.6	42.1
Beet and bean drills	1.2	.9	.8	1.3	.7	1.1	1.8	1.9	2.9	3.9	1.4	155.6

See footnotes at end of table.

TABLE I.—*Manufacturers' sales of farm machines for domestic farm use, United States, 1935–39 average and 1940–49*—Continued

Item	Manufacturers' sales for domestic use											
	1935–39 average	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	Percent 1949 is of 1940
CULTIVATORS AND WEEDERS	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	
Cultivators, corn and cotton:												
1-horse	89.2	73.6	65.2	75.6	41.9	54.4	61.9	68.6	64.7	89.5	60.4	82.1
2-horse	51.8	33.8	36.0	30.7	9.3	31.8	27.2	19.6	7.7	23.7	16.5	48.8
Tractor-drawn and mounted	87.6	91.4	170.3	160.3	85.0	178.4	180.8	142.9	225.1	347.8	295.4	323.2
Rotary hoes	2.8	4.4	7.4	5.7	4.6	8.0	8.0	9.8	28.0	58.4	43.9	997.7
Field cultivators	7.4	7.8	13.0	13.1	2.9	14.6	16.3	19.0	31.2	59.7	49.4	633.3
SPRAYERS AND DUSTERS												
Power sprayers	8.9	4.6	6.1	5.5	3.7	5.7	8.3	14.6	31.4	100.2	62.3	1,354.3
Power dusters	1.4	1.8	3.3	4.9	3.6	7.0	6.8	10.0	13.2	15.8	12.3	683.3
HARVESTING MACHINERY												
Grain combines (all sizes) [1]	24.1	37.6	59.5	43.4	25.0	41.3	48.8	48.0	70.6	88.9	102.6	272.9
Grain binders (all including rice)	37.7	(2)	(2)	4.2	4.6	9.4	7.8	(2)	8.0	(2)	(2)	----------
Potato diggers (1- and 2-row elevator type)	3.2	3.2	3.2	3.2	2.0	5.6	5.0	4.7	4.3	4.9	2.1	65.6
Beet lifters	1.4	1.5	1.8	2.0	1.1	.8	1.4	1.7	2.4	1.8	.2	13.3
Beet harvesters	(2)	(2)	(2)	(2)	(2)	.4	.3	1.3	1.5	2.6	.9	----------
Corn pickers	10.0	10.8	19.4	13.9	12.2	23.1	36.8	34.9	66.4	76.7	89.1	825.0
Field forage harvesters (includes row type and field hay choppers)	(2)	(2)	(2)	(2)	(2)	2.6	2.6	6.7	15.2	16.0	18.5	----------
Cotton pickers and strippers	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2.3	2.3	----------
HAYING MACHINERY												
Mowers:												
Tractor mounted or semimounted	----------	44.7	70.8	47.2	31.5	70.8	67.3	76.2	130.9	211.4	183.7	411.0
Horse or tractor-drawn	----------	55.2	83.8	70.3	15.1	48.3	46.4	36.7	44.1	47.6	32.6	59.1
Alll types and sizes	95.7	99.9	154.6	117.5	46.6	119.1	113.7	112.9	175.0	259.0	216.3	216.5
Rakes:												
Side delivery	20.0	25.3	35.2	29.2	13.9	38.5	37.9	27.8	57.7	89.7	107.1	423.3
Sulky or dump	34.0	29.7	40.0	26.5	9.6	18.7	23.0	17.8	29.7	22.5	18.2	61.3
Balers:												
Stationary (all types)	4.0	5.7	6.1	3.2	1.5	4.4	4.6	5.6	6.2	3.4	2.3	40.4
Pick-up—wire		1.4	7.4	8.9	4.2	11.8	12.3	10.8	6.2	14.0	18.4	1,314.3
twine									18.9	30.4	32.7	2,335.7

MACHINES FOR PREPARING CROPS FOR MARKET OR FOR USE												
Peanut pickers and threshers	.8	.7	.9	2.9	1.4	.8	1.1	1.8	2.1	1.9	1.4	200.0
Stationary threshers	5.3	2.5	2.8	1.8	.8	1.7	1.1	1.5	1.0	1.3	.7	28.0
Hammer and roughage mills	23.7	49.5	58.8	51.0	23.4	52.4	56.4	94.8	81.9	[1]64.4	39.3	79.4
Feed grinders (burr type)	6.3	6.3	7.2	5.7	3.6	6.5	5.3	9.4	10.0	7.8	3.8	60.3
FARM DAIRY MACHINES AND EQUIPMENT												
Cream separators	79.7	100.0	125.5	99.8	32.8	68.6	85.9	109.6	93.3	50.0	35.2	35.2
Milking machines (vacuum pump units)	14.9	32.2	51.2	29.1	44.2	74.2	116.5	128.0	75.8	51.4	40.5	125.8

[1] For tractors and combines, imports as well as the shipments of domestic manufacturers are included in the above estimates. For all other items, the above figures represent total shipments of domestic manufacturers less exports.
[2] Not available.

NOTE.—Form data developed by the Bureau of the Census, with tractor sales adjusted to exclude nonfarm tractors, and adjusted to actual exports as reported by the Bureau of Customs.

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Mr. ABERNETHY. I hope that what I say now will not be misinterpreted, but the Department of Agriculture is definitely the voice of the farm people of this country, and that voice is very, very important at this time. There is a tremendous shortage of steel, in fact there are shortages of many, many items which are so essential to the production of food and fiber in quantities as announced by the Department.

I am not going to say that you or I or the members of this committee or the Members of Congress have not done what we should have about this situation, but I do feel that the problem has not been pressed by the Department and I will say by the members of this committee, too, as it should have been over the past 4 or 5 months. I base that on the fact that as yet there is no definite policy, to my knowledge, within the defense agencies with regard to the allocation of steel necessary to meet the food and fiber goals to which you have referred.

You have very properly pointed out that there is no more land. You have very properly pointed out that agriculture today is in a field of mechanization. You have very properly pointed out that there is less labor on the farm today than there was last year or the year before, and that there is going to be even less, and unless something is done to see that the small amount of steel used by agriculture is gotten into the hands of implement manufacturers, then in the next few months we are going to find ourselves right where we were in 1943, to which situation you pointed a moment ago.

There has been a feeling in my heart and mind that the Department has not been as firm as it should have been in its conferences with the people in the defense agencies. I hope that my statement will not be misinterpreted, but a two-fisted voice is going to have to sound across the table of those agencies before the farmers of this country get what they have to have. I say that for this reason, every fabricator of steel, large or small, manufacturing other types of products which require steel have representatives in Washington at this very hour fighting for steel. There is no doubt about it. They are here. They have been here for months and they will be here months from now. And I daresay that there is one or more of the executive officers connected with those concerns who will be in the defense agencies today insisting that they have certain quantities of steel and pointing out how necessary it will be to defense.

So I hope that the Department will be just as two fisted about what agriculture has to have as the manufacturers of other products which require steel.

I have offered my statement for the purpose of lecturing your Department. I am expressing what I think ought to ge done. I want you to know we are here to help you, and we want your help, and I think with the cooperation of the Hill and the Department that we can get some immediate action on this problem.

The thing that will make food high this year or this fall is what, in your judgment; what will contribute most to the cost of food this fall?

Mr. MCCORMICK. A shortage of food.

Mr. ABERNETHY. A shortage of food. That is just as elementary as it can be.

Mr. MCCORMICK. Yes.

Mr. ABERNETHY. I think that the people who always complain about a shortage of food should have that driven into their heads every day, do you not?

Mr. MCCORMICK. I agree with you.

Mr. ABERNETHY. And that when agriculture requests an allocation of steel to manufacture implements to produce crops and a reasonable deferment of labor to operate the farm machinery, the defense authorities must be made to know that agriculture must have these things or else assume the responsibility for less food and higher-priced food.

Mr. MCCORMICK. Yes.

Mr. ABERNETHY. I seem to be doing the testifying instead of you.

Mr. MCCORMICK. That is very fine.

Mr. ABERNETHY. Are there any questions?

Mr. HOEVEN. Mr. McCormick, I want to emphasize what the chairman has said and what I have to say is said in all kindness. We certainly expect the Department of Agriculture to put on its fighting clothes and go to bat for the farmers of this country in this emergency. Up to this very moment, we do not have an agricultural representative in the high echelon of the defense set-up. I believe that if we had a representative of agriculture in the higher brackets in the defense set-up we would alleviate and eliminate much of our problem.

Personally, I would like to see the Secretary of Agriculture go to bat for such proposal and get someone in the top echelon immediately.

As early as last October the Department of Agriculture submitted its requirements to the Secretary of Commerce and 5 months have already expired. The most information we have had up to this moment is that a survey is still going on. Nothing definite has been done during the 5-month period.

You say, and I agree with you, that it takes about 6 months to get a repair part to the farm after it is made. You have already spent 5 months surveying needs and it will take another 6 months to get the repair parts to the farm after the same has been manufactured.

It has been established that there is a shortage of repair parts. We have a harvest season coming soon and it is beginning to look as if we are going to be caught short when it comes time to harvest the crops.

I cannot impress upon you too much how necessary it is to have repair parts available when needed.

I do not care how many combines, how many other pieces of machinery you may have on the farm, if a little cogwheel is not available when needed it is of no avail.

I agree with you that the increased production of farm machinery can be more readily accomplished now before the defense requirements reach their peak or become more acute. I believe that we have to fight for our share of steel right now. You suggest that we should set up a priority system, an effective priority system. How is that going to be done and when?

Mr. MCCORMICK. A part of that would be without the Department of Agriculture. It would be in the defense set-up, but we would like to have agriculture machinery production set-up to be under a priority system, certainly not equal to the military but, at the same time,

certainly ahead of these items that are not of such value to our civilization.

We would like to make food an essential crop, part of our industry and production, and by such that when we in Agriculture said that we needed this, we would get it. That we first would do the scrutinizing in agriculture and would not ask for it if we did not need it, but when we did ask for it that we would get it.

Mr. HOEVEN. What is the Department of Agriculture doing to immediately set up a priority system?

Mr. MCCORMICK. We have set up within our Department a complete organization asking for that.

Mr. HOEVEN. What is the Department of Agriculture doing to get this job done? You cannot do it alone.

Mr. MCCORMICK. No, until such time as we get something in the defense set-up beyond what we have in agriculture, why we are a little at loss.

Mr. HOEVEN. What do you suggest is necessary?

Mr. MCCORMICK. That we should have something in the Defense Production Administration that would allow us to be the representative of all machinery production.

Mr. HOEVEN. Do you agree with me then that Agriculture should have a spokesman in the top bracket of the defense set-up?

Mr. MCCORMICK. Yes, a spokesman. It could be one of two ways. Someone, of course, that the Department of Agriculture went to regardless of whether he was an agricultural person or not, but he would be the one responsible for agricultural production.

Mr. HOEVEN. I want someone representing agriculture in the top echelon of the defense set-up. Do you agree with my position?

Mr. MCCORMICK. I think it would be desirable.

Mr. HOEVEN. What is the Department of Agriculture doing to help bring that about?

Mr. MCCORMICK. I doubt if we are doing too much on that right now.

Mr. HOEVEN. Do you not think something should be done?

Mr. MCCORMICK. Yes, probably there should be.

Mr. HOEVEN. We all appreciate the need for new machinery. Perhaps we cannot get everything that we are going after. So what would you think of a proposal to produce repair and replacement parts without restriction?

Mr. MCCORMICK. I think that would, probably, be all right. I do not think there would be too many produced at all.

Mr. HOEVEN. We all know there will be a great demand for priorities in other fields of endeavor. So if we cannot get all the machinery we want, should we not set as our goal, the manufacture of repair and replacement parts without restriction?

Mr. MCCORMICK. It could cause in some instances the quantity of repairs to be made greater than what we would have need for.

Mr. HOEVEN. But we are supposed to produce more food than ever before. How can you arrive at that conclusion?

Mr. MCCORMICK. That is right. There is no one in the industry who knows how many repair parts are needed. A dealer has a very close record of what he has sold in the past season and the season before. And through those records he can determine pretty largely

what he needs in the way of repair parts in the coming year. Of course, most dealers would not stock higher than necessary, but it could cause a desire to stock up on repair parts in order that they might have them if it was slowed down later on.

Mr. HOEVEN. Mr. McCormick, I do not want to take any more time now. I think the farmers should know that we are actually doing something for the needs of agriculture in this emergency. The farmers are looking to the Department of Agriculture for guidance. They, certainly, are going to get help from our subcommittee. We will assist them in every way we can.

We are seriously handicapped unless the Department of Agriculture takes the lead in this matter. It seems to me that after 5 months of surveying we ought to be showing some results.

Mr. ALBERT. I should like to make a brief statement which is only indirectly pertinent to this subject. I just wonder what the attitude of the various defense agencies might be on this subject. On Friday of last week I called down to the Office of Price Stabilization simply for the purpose of getting information in response to telegrams from cattlemen about whether or not and when there might be roll-backs on the price of live cattle.

I stated specifically that I only wanted such information as was available. The response I got was, "What are they hollering about?" And the attitude was, "We will do what we please, regardless of what you or anybody else thinks."

If you people like that down there, I do not know how the Agriculture Department, or we, or anybody else will get anywhere with our petitions.

Mr. ABERNETHY. I would like to say that the gentleman brought that to my attention last week, and I think it is very important. Here you have a case of a Member of the House of Representatives who represents an agricultural area who had inquiry made of him about a certain matter which required him to call upon one of the agencies connected with our defense mobilization. I think it is very unfortunate that he received the type of reply to which he has referred, but it happened. During the hearings on plant food it was very clearly indicated that agriculture did not have too much standing down there. I do not think that the farmers are in the attitude of wanting to get up and walk out of any meetings, as I pointed out in the plant-food hearings, but it may be that that is the way to get things done.

Mr. HOPE. Mr. McCormick, in your statement you referred to the fact that the Department of Agriculture has been designated as the claimant agency for farm machinery and equipment.

Just what do you understand are the responsibilities of the Department under that designation, and what authority does the Department have in operating under that designation?

Mr. MCCORMICK. May I have Mr. Taylor answer that question, please?

Mr. TAYLOR. The Department has the authority to present claims in regard to our program, of course. The primary program is the production of food and fiber.

And in presenting these claims we present those to the National Production Authority on farm machinery, and the National Production Authority is charged with the responsibility for producing the machinery that we have claimed for, that has been given to us in our

claim, and the Department moves back in, and if there is any distribution or allocations of the machines after they are made that authority then is back in the Department of Agriculture, but the production of the machines is charged to the National Production Authority.

Mr. HOPE. What have you done in the Department with the exception of having transmitted an estimate of requirements to Secretary Sawyer last October with respect to impressing upon the Secretary of Commerce and the National Production Authority the needs of agriculture as far as farm machinery is concerned?

It is stated in your statement, Mr. Secretary, that the information which you have from the industry indicates that unless something is done now to reestablish the flow of needed materials to farm machinery factories over-all production will likely be down to no more than 75 percent and, perhaps, as little as 50 percent of the 1950 rate by the middle of this year.

That is certainly a critical prospect. I am wondering what further you have done, in view of that situation, with respect to undertaking as the claimant agency for agriculture to impress upon the National Production Authority the importance of setting up some system whereby more materials will be channeled into the field of agricultural implements.

Mr. MCCORMICK. We have been working on a plan at this time which we hope to announce in a very few days, to work with the National Production Authority a little closer than we have. We have in our own Department received many applications for different manufacturers. We have processed those and have been the claimant agency for those. Part of those have been approved and part have not been approved.

It does not go far enough. Until we get such authority to make agricultural foods and machinery that produces it, something more than competing with every line of material that comes up for manufacture, we will have a very tough time of getting any applications of quantity approved. What we need, as I mentioned a moment ago, is an authority that sets food out as something that is essential and the manufacture of that equipment as essential as providing boxcars to transport this food after it is produced. We have that authority in our country for boxcars. And we have it for producing oil. But we do not have it for producing food.

That set-up is essential. And to me that is the thing we need before we are able to move on in Agriculture, as far as we would like to move.

Mr. HOPE. Where will that authority have to come from when you get it?

Mr. MCCORMICK. It will have to come from the National Production Authority, from the President.

Mr. HOPE. The National Production Authority?

Mr. MCCORMICK. Charlie Wilson.

Mr. HOPE. The National Production Authority has all of the authority it needs if it cares to use it to designate food and essential commodity and to designate the production of agricultural implements as essential and to arbitrarily channel raw materials into the production of agricultural implements; is that correct?

Mr. MCCORMICK. That is right. It would be in the Defense Mobilization Authority.

Mr. HOPE. That goes clear up to Mr. Wilson?

Mr. McCormick. That is correct.

Mr. Hope. He is the man who would have to approve any definite program of that kind?

Mr. McCormick. Correct.

Mr. Hope. You say that in individual cases you have been able to get the National Production Authority to allocate the materials to farm machinery manufacturers. Am I correct in my understanding of that?

Mr. McCormick. Yes, sir.

Mr. Hope. On what basis did they make those allocations?

Mr. Taylor. The allocations they received so far, I mean they are really not allocations, they are priority helps. Most of them have been on the basis of bottleneck items, items needed to complete machines and help to fill out their materials, so that they can complete machines with them. But not an allocation that gives them an across-the-board help on everything they need to produce with.

Mr. Hope. Does that mean then that they are not convinced, we will say, that the agricultural implement industry needs an across-the-board help, but they are convinced that in certain instances they need some help, as you say, to supply missing parts for machines in order to complete orders and that sort of thing; is that the attitude they take?

Mr. Taylor. That is the way the action has been taken.

Mr. Hope. Logically, is there not just as much reason, in view of the statements which have been made by the Secretary here, to the effect that farm machinery production may be down to 50 percent of 1950 by the middle of the year—in view of those statements, is there not just as much reason for the National Production Authority to go all the way, if they accept the principle which they apparently do, that they should go part way in these individual instances, that they should go all the way, and set up some kind of a system whereby farm machinery manufacturers will receive at least enough material to enable them to supply the quantity of farm machinery which the Department of Agriculture feels is essential if we are going to keep up production?

Mr. Taylor. We feel that way.

Mr. Hope. Do you see any reason as far as the principle is concerned why the NPA should not go all the way instead of only part way?

Mr. McCormick. We do believe in that way of doing it very definitely. I can see their thinking is that it takes only a small amount of material to complete what they are doing, whereas to go clear across the board calls for a larger amount of material.

Mr. Hope. How vigorously has the Department presented to the National Production Authority the plight of agricultural manufacturers and the plight of the farmers, if these materials are not made available immediately?

Mr. McCormick. In the last few weeks we have been working rather vigorously on that line. Just very recently the Secretary presented to Mr. Wilson's board itself a paper pointing out some of these various points. We have, also, brought in from the field a man who is both a farmer and an implement dealer. We have brought him into the Department to further carry out that activity. He has that past combination that makes him very worth while to us. He does understand both the implement industry and agriculture's problem.

We are moving forward on it as fast as we know how and the best we know how to do it. We do need some help.

Mr. HOPE. Of course, I realize that you must have people in here who are expert in their field to assist you and the Secretary in determining the facts and the needs, but whatever is going to be done in the way of impressing this point upon the National Production Authority and Mr. Wilson is going to have to be done by the Secretary and yourself; that is, you are going to have to speak for the Department in impressing those facts which are developed by your experts upon the National Production Authority and make them see that there is an urgent need and necessity for some immediate action.

Do you feel that the Secretary and yourself have gone as far as you can go in that respect?

Mr. MCCORMICK. Probably it would not be fair to say that we have gone as far as we can go. We feel that we have been working at it rather diligently. Apparently the fact that we have not gotten it accomplished points out the fact that we need to do more.

Mr. HOPE. You are going to do more then?

Mr. MCCORMICK. We are working at it.

Mr. HOPE. You propose to do more?

Mr. MCCORMICK. We are working at it daily.

Mr. HOPE. I sincerely hope that you will be able to accomplish more.

There is some plan, is there not, that is just about to be put into effect? I am not sure that I have the name correctly. It is the intermediate materials program. What is it?

Mr. TAYLOR. Probably the controls materials plan.

Mr. HOPE. That is it ultimately, but is there not some immediate plan?

Mr. TAYLOR. Yes. I do not believe there is a name for it, though.

Mr. HOPE. I have seen some name for it, but I cannot recall it. It seems to me it was called the intermediate plan, that that word was in there. Do you think that will be of some assistance, pending the working out of the details of this controls materials plan?

Mr. TAYLOR. We are hopeful that it will come out. And that by its coming about some direction will be taken as to it in the next day or two. We are very hopeful that will give that point of getting over this interim period until they will have an opportunity to go into a more complete program.

Mr. HOPE. Will that program, if adopted, be a general program applying to all of the industry or will it still be a program where you have to make out a case for each individual manufacturer?

Mr. TAYLOR. We have requested that it cover the industry.

Mr. HOPE. You do not know whether that will be the basis on which it will be set up or not?

Mr. TAYLOR. I am rather certain that it will cover the industry and not depend upon the 1,600 farm machinery manufacturers applying individually to them.

Mr. HOPE. If that program is adopted, it will help immediately?

Mr. TAYLOR. Right.

Mr. HOPE. That is all.

Mr. ABERNETHY. Mr. McCormick, could I ask if you would supply for the record the letters and documents regarding agricultural requirements which have been sent by the Department to the defense production agencies?

Mr. McCORMICK. I will be glad to.
(The information is as follows:)

OCTOBER 26, 1950.

The honorable the SECRETARY OF COMMERCE.

DEAR MR. SECRETARY: The purpose of this letter is to give you and your agency the benefit of our current appraisal of where agriculture finds itself today concerning supplies of food, feed, and fiber, as well as agriculture's requirements for manpower, farm machinery, fertilizer, and pesticides. I hope this appraisal as well as the enclosed statements of agriculture requisites will facilitate a mutual understanding of what is needed by the agricultural segment of the economy so that it can make the maximum effective contribution to the current national effort.

This review is of a preliminary nature; however, more intensive studies are in progress. Results of these studies prepared in the light of major world developments will be made available as they are completed.

Adequate agricultural supplies are essential to the provisioning of the Armed Forces, to the maintenance of the highest possible levels of health and industrial production, and to meet export requirements. It is necessary that our food strategy parallel our military and international strategy in its scope, realism, and thoroughness. All of these must be closely integrated.

Today more than ever before in our history it is clear that abundant production and stocks of agricultural supplies are essential factors in our national strength. During World War II the ability of our farms to meet the needs of our military forces, and of our allies, as well as domestic requirements was one of the primary components of the successful war effort. We believe that in the current situation the maintenance of a strong and abundant farm production is equally important in meeting these needs.

The Korean situation plus the need for continuing high defense expenditures have added tremendously to the inflationary pressures upon our economy which was already functioning at a high level. In view of the outlook for continuing strong civilian demands for agricultural commodities, plus increasing military procurement, it is necessary that we plan for high agricultural production levels with increases in some areas. This will reduce the need for Government controls and act as an anti-inflationary force.

Supplies of food in the United States are large enough to maintain the civilian food consumption rate per person at the same level as in 1948 and 1949, even allowing for some increases in military procurement.

Production of food this year is expected to total about the same as in 1949, 38 percent above the 1935–39 average and 20 percent above 1941. Stocks of most foods which can be stored are fairly substantial. Barring unforeseen changes in requirements, food exports from this country in 1950 are expected to be smaller than during the past few years. On the basis of these supply estimates, civilian consumption of food per person this year is expected to average 11 percent higher than for 1935–39, but slightly under consumption during the war years.

This does not mean that we can afford to relax our efforts to maintain the agricultural plant in sound working order. On the contrary as the full impact of the defense effort is felt, as more labor is drawn into defense industries, we will need to give increasing attention to the problem of assuring supplies of necessary farm requisites.

Supplies of feed grains are ample but somewhat reduced from the record levels of 1949–50. However, disappearance of food grains is running at 30.6 percent over the 1940 level. In order to maintain the high level of meat, dairy, and poultry products we must plan for a high level of feed grains acreage. Although carry-over stocks of feed grains are above average, it is essential that we carry reserves to protect against the possibility of drought and other unfavorable crop conditions. As recently as 1947 the production of corn dropped to 2,384,000,000 bushels, 1,000,000,000 bushels less than our current rate of consumption. A crop of this size would wipe out all reserves and cause severe repercussions in livestock production with resultant increased prices to consumers. Present consumption of corn is at a rate in excess of 3,300,000,000 bushels annually. Production has exceeded this consuption rate in only 2 years in our history. It is essential that we plan for continued high corn production in 1951 in order to meet feed requirements and to guard against depletion of reserves due to adverse weather conditions.

In 1951 cotton acreage should be increased by about 9,000,000 acres. This year's reduced crop has forced us to initiate export allocations in order to

prevent severe domestic dislocations. In 1951 it is imperative that we reach a production of 16,000,000 bales as compared with slightly under 10,000,000 bales this year. The sudden change in the cotton situation from a condition of abundance to one of relative scarcity demonstrates how quickly we can find ourselves in a serious situation.

Therefore, we feel that the production pattern for 1951 should provide for an increase of about 10,000,000 acres of intertilled crops and an over-all increase of slightly more than 7,000,000 acres as compared with 1950. The need for increased agricultural production in 1951 will require strong support in obtaining needed supplies of farm machinery, gasoline, oil, tires, fertilizers, pesticides, and labor.

Since 1935–39 farmers have tripled the number of tractors they use and have more than doubled the number of trucks. This has resulted in a large decrease in animal draft power and has permitted a diversion of feed-crop acreage to food-production use. Farm production is much more dependent upon fertilizer today than ever before. For example, the use of nitrogen fertilizer has almost tripled since prewar. It is essential that agriculture's increased dependence upon industry for necessary supplies of machinery, fertilizer, pesticides, and other products of industry be recognized by all concerned with the mobilization effort. Achievement of the 1951 agricultural production program hinges upon the fulfillment of the reasonable requirements for these agricultural requisites.

In order to meet the needs of the 1951 production program, it is now estimated that agriculture will require—

100 percent of the amount of farm machinery produced in 1949 (latest year for which figures are available);

105 percent of repair parts produced in 1949;

115 percent of the amount of fertilizer produced this year;

100 percent of the amount of pesticides produced this year;

Approximately the same number of man-days of farm labor as for the high production in 1949.

Some farm-machinery manufacturers are already encountering difficulties in obtaining supplies of basic-production materials. Direct requirements of the defense program may develop problems in the areas of farm transportation, fuel, energy, construction, containers, and farm tools, and supplies. In fertilizers the outlook does not appear too unfavorable unless military requirements for nitrogen become larger than they now appear to be. This assumes that provision will be made to enable existing plants to continue operations at present capacity levels—that serious shortages in the supply of sulfuric acid are not experienced, and that transportation is available. In insecticides and agricultural chemicals generally difficulties will undoubtedly arise in the newer and more desirable synthetic products, such as DDT and 2,4–D which are based upon chlorine or benzene, which are also used extensively in other segments of the chemical industry. As the full impact of the defense effort becomes apparent, we feel that problems in these fields will require close cooperation to insure attainment of agricultural needs. Agricultural labor-supply problems are also expected to develop, particularly in assuring sufficient labor to meet the increased cotton acreage for 1951.

We have now established in the Production and Marketing Administration of this Department special offices to handle problems in the fields of agricultural materials, facilities, requirements, and allocations. In addition to the offices established to handdle these departmental activities under the Defense Production Act of 1950, we are also examining closely agriculture's needs for labor under mobilization conditions. Representatives of these offices have already begun working with representatives of the Department of Commerce on common problems, and I am sure that these working relationships will prove mutually beneficial to the defense effort.

We realize that this letter represents only the beginning of the continuing interchange of information and views that must take place if we are to maximize the results of our combined mobilization efforts.

This letter and the enclosed statements on agricultural supplies, production pattern for 1951, farm machinery situation, fertilizer situation, pesticides situation, and agricultural manpower will provide the basic information required to assess agricultural needs under present conditions. We are sure that in the planning of the defense program agriculture's role in maintaining national security and strength will be fully recognized.

Sincerely yours,

CHARLES F. BRANNAN, *Secretary.*

Estimated supply and disappearance, 1950–51 marketing year, with comparisons—specified crops

Commodity	Unit	1950 carry-over beginning of 1950–51 marketing year (1)	1940 carry-over beginning of 1940–41 marketing year (2)	Percent column 1 is of column 2 (3)	1950 total supply (4)	1940 total supply (5)	Percent column 4 is of column 5 (6)	1950 estimated disappearance (7)	1940 disappearance (8)	Percent column 7 is of column 8 (9)	1951 estimated carry-over end of 1950–51 marketing year (10)	1941 carry-over end of 1940–41 marketing year (11)	Percent column 10 is of column 11 (12)
		Millions	*Millions*		*Millions*	*Millions*		*Millions*	*Millions*		*Millions*	*Millions*	
Wheat	Bushel	417	280	148.9	1,428	1,098	130.0	985	713	138.1	443	385	115.1
Rye [1]	do	10	20	50.0	41	61	67.2	28	42	66.7	13	19	68.4
Rice	100-pound bags	2.5	1.7	147.1	39.3	26.2	150.0	37.0	25.3	146.2	2.3	.9	255.6
Dry edible beans	do	9.5	[2]		25.6	16.9	151.5	17.0	16.9	100.6	8.6	[2]	
Dry edible peas (smooth)	do	.8	[2]		2.5	1.9	131.6	2.3	1.9	121.1	.2	[2]	
Corn	Bushel	951	688	138.2	4,069	3,146	129.3	3,369	2,501	134.7	700	645	108.5
Oats	do	218	148	147.3	1,722	1,405	122.6	1,437	1,182	121.6	285	223	127.8
Barley	do	81	50	162.0	401	364	110.2	301	304	99.0	100	60	166.7
Sorghums for grain [1]	do	80	[2]		264	86	307.0	149	86	173.3	115	[2]	
Soybeans for beans [1]	do	4	.4	1,000.0	278	78.4	354.6	274	77.7	352.6	4	.7	571.4
Flaxseed, all	do	17	3.9	435.9	52	46.0	113.0	44	38.6	114.0	8	7.4	108.1
Cotton	Bales	6.7	10.6	63.2	16.6	23.1	71.9	13.6	10.9	124.8	3	12.2	24.6
Peanuts picked and threshed [1]	Pounds	115.1	180.2	69.9	1,792.1	1,947.0	92.0	1,677.1	1,755.1	95.6	115	191.9	59.9
Potatoes, all Irish	Bushel	0	0		427	376	113.6	427	376	113.6	0	0	
Sweetpotatoes	do	0	0		60	52	115.4	60	52	115.4	0	0	
Truck crops:													
(21) Fresh market [1]	Tons	0	0		8.7	6.8	127.9	8.7	6.8	127.9	0	0	
(9) Processing	do	1.7	[2]		7.0	4.0	175.0	6.2	[2]		.8	[2]	
Hay, all	do	14.9	12.0	124.2	132.9	108.0	123.0	112.9	93.2	121.1	20	14.8	135.1
Tobacco:													
Flue cured	Pounds	1,484.5	1,409.7	105.3	2,680.4	2,169.6	123.5	1,175.0	576.7	203.7	1,505.4	1,592.9	94.5
Burley	do	1,004.4	762.3	131.8	1,488.4	1,138.9	130.7	535.0	340.8	157.0	953.4	798.1	119.4
Fire cured	do	159.3	141.6	112.5	215.0	248.1	86.6	71.0	64.2	110.6	144.0	183.9	78.3
Dark air cured	do	77.0	65.6	117.4	106.3	108.1	93.1	33.0	33.7	97.9	73.3	74.4	98.5
Sugar cane } Sugar beets } Sugar	Short tons	1.7	1.7	100.0	10.4	8.5	122.4	8.2	6.7	122.4	2.2	1.8	122.2

[1] Harvested.
[2] Not available

Numbers of livestock on farms, Jan. 1, and production of livestock and livestock products, United States, 1950 and 1940, with comparisons

Item	Unit	1950	1940	Percent (column 1 is of column 2)
On farms, Jan. 1:				
Horses and mules	1,000 head	7,463	14,478	51.5
Cattle and calves, all	do	80,277	68,309	117.5
Sheep and lambs, all	do	30,797	52,107	59.1
Hens and pullets	do	442,168	392,655	112.6
During year:				
Chickens raised	do	670,000	633,705	105.7
Commercial broiler production	do	590,000	142,762	413.3
Turkeys raised	do	44,000	34,047	129.2
Milk produced	Million pounds	121,500	109,502	111.0
Eggs produced	Million dozens	5,000	3,307	151.2
Hogs, net production	Million pounds	20,500	17,044	120.3
Cattle and calves, net production	do	19,700	15,702	125.5
Sheep and lambs	do	1,280	2,101	60.9
Beef	do	9,400	7,175	131.0
Veal	do	1,300	981	132.5
Lamb and mutton	do	600	876	68.5
Pork	do	10,900	10,044	108.5
Total meat	do	22,200	19,076	116.4
Per capita	Pounds	146	142	102.8
Wool shorn	Million pounds	218	372	58.6

1951 Farm Production Outlook

In considering the general pattern of United States farm production for 1951 to meet military, civilian, and export requirements, it is assumed that the manpower requirement of the military will equal approximately 3,000,000 men; that the total employment will be in the neighborhood of 68,000,000 employed, and that the effective demand for food and fiber will be at the highest levels in history. To meet the probable needs under these conditions first consideration was given to the expansion in production of those commodities which will be in relatively short supply.

The outstanding example of this is cotton, for which an increase of about 9,000,000 acres is desirable. The short 1950 crop of cotton has required the announcement of export controls because the great demand for exports (including ECA) if filled would drain off too great a part of the available supplies. Expanding requirements for meat under the assumed conditions set forth above will require greater acreage devoted to the major feed crop—corn. Present consumption of corn is running at a rate in excess of 3,300,000,000 bushels per annum. Production has exceeded this consumption rate in only 2 years of our history. Therefore, it is essential that we plan for a high corn production level in order to meet feed requirements and to maintain our reserves against possible reductions in production due to adverse weather conditions.

Vegetable oils production should be maintained at a relatively high level. The production pattern calls for an acreage of soybeans greater than any year in our history except 1950 to supplement large supplies of animal fats and imports. Protein feeds also will be made available to meet high livestock production requirements.

While the goal for wheat calls for an acreage of 72,800,000, which is the national allotment, it may be expected that the acreage will exceed 75,000,000, due to the overplanting of allotment.

Production of vegetables for processing should be increased somewhat in order to meet the requirements of the military and civilian economies. To meet potential Asiatic import requirements and domesitc needs it will probably be advisable to increase the acreage of rice.

This desirable production pattern calls for an increase of almost 10,000,000 acres in intertilled crops and an over-all increase of slightly more than 7,000,000 acres. It is apparent that in order to meet the requirements indicated farmers will need to be assured of the needed supply of materials and labor.

FARM MACHINERY AND REPAIR PARTS

GENERAL SITUATION

In order to understand the importance of farm machinery to agricultural production it is desirable to review what has taken place in the mechanization of agriculture since the beginning of World War II. In 1941 we had 1,823,000 tractors on farms. By the close of the war the number had risen to 2,422,000, and today we have between 3,800,000 and 4,000,000. These figures clearly show why agriculture today is able to produce at the currently high levels needed to provide abundant food and fiber supplies for our growing population and to meet our foreign commitments. They also illustrate agriculture's increased dependence on industry for the essential tools for farm production.

During this same period the number of horses and mules on farms has declined from 13,700,000 head at the beginning of World War II to 12,000,000 head at the close of the war, and has continued to decline since the end of the war. It is estimated as of January 1, 1950, we had only 7,500,000 head of horses and mules on farms, which represents a decline of 4,500,000 head since the close of the war. The number will continue to decline.

Similarly, the number of persons employed on farms has declined. In 1930, when war broke out in Europe, we had 11,723,000 persons employed on farms. By 1942, when we entered the war, the number had been reduced by 300,000, and by the close of the war it had been reduced by 600,000 more, or a total of 900,000. Since the end of the war the number of people employed on farms has continued to decline.

In establishing a 1951 requirement for farm machinery, tractors, and repair parts, it is necessary that such a requirement meet two objectives. First, it must be adequate to meet agricultural goals established for 1951, and, second, it must prepare the American farmer to meet future goals at a time when this country may be involved in total war. The requirements must represent a volume of machinery sufficient for replacements of worn-out equipment; to compensate for loss of animal draft power on farms, which is declining at a rate of approximately 475,000 head per year; and to replace manpower lost to the Armed Forces and to essential industries.

In order to accomplish these objectives, American farmers will require approximately the same quantity of farm machinery as they received in 1949. Because there is more farm machinery on farms today than in 1949, about 105 percent of repair parts produced in 1949 will be required. The year 1949 has been taken as a base since it is the latest year for which actual figures are available.

Although 1951 requirements will approximate the same quantity of farm machinery as was delivered to farmers in 1949, some changes will be needed in the pattern of production within this total volume to meet necessary shifts in the agricultural pattern. Such shifts will necessitate greater emphasis upon large wheel-type tractors, labor-saving harvesting machinery (such as large self-propelled combines), pick-up hay balers, corn pickers, field forage harvesters with row-crop attachments, and grain and hay-drying equipment. This will be compensated by lesser amounts of some other types.

An attached table shows the numbers of the principal lines of machinery bought by farmers during the past 15 years. It is notable that in 1949 farmers with a much-reduced labor force bought 1,314 percent as many of the highly efficient pick-up hay balers (wire type) as they did in 1940. Similarly, 1949 purchases of 1,334 percent as many power sprayers as were bought in 1940 reflect the greater use of new and more efficient pesticides and weed killers.

1951 desirable acreage

[000 omitted]

Commodity	Planted acreage				
	1951 desirable	1950	1949	1937–41 average	1942–46 average
Food grains and pulses:					
Wheat	72,800	71,525	84,931	69,425	63,168
Rye [1]	1,850	1,852	1,558	3,702	2,408
Rice	1,800	1,623	1,839	1,118	1,521
Dry edible beans	1,650	1,642	1,900	1,975	2,042
Dry edible peas	250	234	367	286	633
Feed grains and forage:					
Corn	88,000	84,151	87,910	91,763	91,630
Oats	45,000	47,058	44,525	39,715	44,545
Barley	13,000	13,186	11,208	14,315	14,948
All sorghum, except sirup	14,000	15,612	11,664	17,095	16,395
Sorghums for grain [1]	7,500	8,370	6,612	5,353	7,089
Oil and fiber crops:					
Soybeans for beans [1]	11,500	12,937	9,912	4,126	10,198
Flaxseed, all	3,250	4,003	5,199	2,305	4,072
Cotton	28,000	19,032	27,719	26,358	20,200
Peanuts picked and threshed [1]	1,800	2,115	2,332	1,818	3,251
Peanuts, alone	2,400	2,647	2,882	2,363	4,139
Vegetables:					
Potatoes, all Irish	1,560	1,847	1,924	2,913	2,881
Sweetpotatoes	580	589	548	737	730
Truck crops:					
(21) Fresh market [1]	1,730	1,730	1,730	1,725	1,748
(9) Processing	1,800	1,750	1,775	1,496	2,105
Hay and seed crops: All tame hay	60,000	60,813	57,917	58,046	62,056
Sugar crops:					
Sugarcane	340	337	338	291	300
Sugar beets	1,010	1,010	769	912	733
Tobacco:					
Flue cured	1,049	954	935	925	984
Burley	428	408	453	395	449
Fire cured	59	54	60	113	----------
Dark-air cured	32	29	32	44	----------

[1] Harvested.

Numbers of livestock on farms, Jan. 1, and production of livestock and livestock products, United States

Item	Unit	1937–41	1949	1950	1951, estimated [1]
On farms, Jan. 1:					
Horses and mules	1,000 head	14,884	8,246	7,463	6,700
Cattle and calves, all	do	67,488	78,208	80,277	83,000
Sheep and lambs, all	do	51,857	31,654	30,797	30,600
Hens and pullets	do	376,566	412,997	442,168	420,000
During year:					
Chickens raised	do	665,430	746,302	670,000	635,000
Commercial broiler production	do	118,046	487,089	590,000	610,000
Turkeys raised	do	30,636	41,965	44,000	44,000
Milk produced	Million pounds	107,855	119,136	121,500	122,500
Eggs produced	Million dozens	3,256	4,698	5,000	4,833
Hogs, net production	Million pounds	15,708	20,376	20,500	21,500
Cattle and calves, net production	do	15,038	19,410	19,700	20,400
Sheep and lambs, net production	do	2,075	1,313	1,280	1,250
Beef	do	7,195	9,448	9,400	9,500
Veal	do	1,022	1,322	1,300	1,325
Lamb and mutton	do	884	607	600	600
Pork	do	8,573	10,333	10,900	11,400
Total meat	do	17,674	21,710	22,200	22,825
Per capita	Pounds	138.8	145	146	147
Wool shorn	Million pounds	368	217	218	217

[1] For discussion purposes only; not for publication.

Manufacturers' sales of farm machines for domestic use, United States, 1935–39 average and 1940–49 (Sept. 26, 1950)

Item	Manufacturers' sales for domestic use											
	1935–39 average	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	Percent 1949 is of 1940
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	
Tractors:												
Wheel type (for farm use only) [1]	151.0	206.0	276.0	160.0	76.0	198.0	177.0	193.0	333.0	433.0	451.0	218.9
Crawler type (for all uses)	16.0	16.0	17.6	18.9	21.5	33.4	34.5	18.2	25.5	28.4	27.7	173.1
Garden (for all uses)	7.5	8.6	16.2	12.2	5.7	13.3	25.5	109.6	156.8	158.1	122.1	1,419.8
Plows:												
Tractor moldboard	102.5	146.4	179.0	147.3	52.0	116.1	143.0	135.4	216.4	271.6	278.3	190.1
Tractor disk plows	5.8	10.0	14.0	12.8	4.5	11.8	10.0	10.0	35.9	53.3	55.4	554.0
Horse-drawn, walking	183.9	113.6	112.9	100.0	59.8	74.5	76.6	74.2	98.5	96.6	45.4	40.0
Horse-drawn, sulky and gang	6.1	2.4	1.7	1.9	.4	1.2	.2	.2	.1	----	----	----
One-way disk plows or tillers	9.5	11.7	17.1	13.4	4.8	10.7	10.4	14.9	23.2	32.7	19.9	170.1
Disk harrows, all types	91.1	100.2	138.4	108.4	48.0	117.7	111.0	161.4	219.4	304.4	265.2	264.7
Spike-tooth harrows (number of sections)	172.2	176.1	233.3	189.1	66.7	191.4	193.1	232.6	343.1	477.9	353.3	200.6
Spring-tooth harrows (number of sections)	106.1	96.4	108.5	103.7	22.5	90.1	99.9	99.5	120.4	167.8	160.2	166.2
Listers, drawn and mounted (with or without planting attachments)	30.1	33.8	42.3	34.8	15.8	36.3	59.4	38.7	46.8	60.0	60.4	178.7
Grain drills, plain and fertilizer types	36.5	35.8	47.4	41.4	13.7	46.4	49.1	34.1	46.7	61.9	65.1	181.8
Corn and cotton planters:												
Horse-drawn, 1 row	56.7	46.0	47.6	46.9	21.1	34.0	32.7	27.6	31.6	37.5	32.3	70.2
All other (mostly 2-row and larger)	55.2	40.4	59.6	60.0	20.0	55.4	58.1	47.3	69.7	113.7	156.5	387.1
Manure spreaders	40.7	45.8	69.3	62.5	18.6	46.5	46.2	43.0	58.8	113.1	116.3	253.9
Potato planters (all sizes)	3.4	3.8	3.2	3.0	2.8	4.3	4.8	4.6	3.4	2.9	1.6	42.1
Beet and bean drills	1.2	.9	.8	1.3	.7	1.1	1.8	1.9	2.9	3.9	1.4	155.6
Cultivators, corn and cotton:												
1-horse	89.2	73.6	65.2	75.6	41.9	54.4	61.9	68.6	64.7	89.5	60.4	82.1
2-horse	51.8	33.8	36.0	30.7	9.3	31.8	27.2	19.6	7.7	23.7	16.5	48.8
Tractor-drawn and mounted	87.6	91.4	170.3	160.3	85.0	178.4	180.8	142.9	225.1	347.8	295.4	323.2
Rotary hoes	2.8	4.4	7.4	5.7	4.6	8.0	8.0	9.8	28.0	58.4	43.9	997.7
Field cultivators	7.4	7.8	13.0	13.1	2.9	14.6	16.3	19.0	31.2	59.7	49.4	633.3
Power sprayers	8.9	4.6	6.1	5.5	3.7	5.7	8.3	14.6	31.4	100.2	62.3	1,354.3
Power dusters	1.4	1.8	3.3	4.9	3.6	7.0	6.8	10.0	13.2	15.8	12.3	683.3
Grain combines (all sizes) [1]	24.1	37.6	59.5	43.4	25.0	41.3	48.8	48.0	70.6	88.9	102.6	272.9
Grain binders (all including rice)	37.7	[2]	[2]	4.2	4.6	9.4	7.8	[3]	8.0	[2]	[2]	----
Potato diggers (1- and 2-row elevator type)	3.2	3.2	3.2	3.2	2.0	5.6	5.0	4.7	4.3	4.9	2.1	65.6
Beet lifters	1.4	1.5	1.8	2.0	1.1	.8	1.4	1.7	2.4	1.8	.2	13.3
Beet harvesters	[2]	[2]	[3]	[3]	[3]	.4	.3	1.3	1.5	2.6	.9	----
Peanut pickers and threshers	.8	.7	.9	2.9	1.4	.8	1.1	1.8	2.1	1.9	1.4	200.0
Stationary threshers	5.3	2.5	2.8	1.8	.8	1.7	1.1	1.5	1.0	1.3	.7	28.0
Corn pickers	10.0	10.8	19.4	13.9	12.2	23.1	36.8	34.9	66.4	76.7	89.1	825.0

See footnotes at end of table.

Manufacturers' sales of farm machines for domestic use, United States, 1935–39 average and 1940–49 (Sept. 26, 1950)—Con.

Item	Manufacturers' sales for domestic use											
	1935–39 average	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	Percent 1949 is of 1940
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*	
Mowers:												
Tractor-mounted or semimounted	----------	44.7	70.8	47.2	31.5	70.8	67.3	76.2	130.9	211.4	183.7	411.0
Horse- or tractor-drawn	----------	55.2	83.8	70.3	15.1	48.3	46.4	36.7	44.1	47.6	32.6	59.1
All types and sizes	95.7	99.9	154.6	117.5	46.6	119.1	113.7	112.9	175.0	259.0	216.3	216.5
Rakes:												
Side delivery	20.0	25.3	35.2	29.2	13.9	38.5	37.9	27.8	57.7	89.7	107.1	423.3
Sulky or dump	34.0	29.7	40.0	26.5	9.6	18.7	23.0	17.8	29.7	22.5	18.2	61.3
Balers:												
Stationary (all types)	4.0	5.7	6.1	3.2	1.5	4.4	4.6	5.6	6.2	3.4	2.3	40.4
Pick-up:												
Wire	} 4.0	1.4	7.4	8.9	4.2	11.8	12.3	10.8	{ 6.2	14.0	18.4	1,314.3
Twine									18.9	30.4	32.7	335.7
Field forage harvesters (includes row type and field hay choppers)	[2]	[2]	[2]	[2]	[2]	2.6	2.6	6.7	15.2	16.0	18.5	----------
Hammer and roughage mills	23.7	49.5	58.8	51.0	23.4	52.4	56.4	94.8	81.9	64.4	39.3	79.4
Feed grinders (burr type)	6.3	6.3	7.2	5.7	3.6	6.5	5.3	9.4	10.0	7.8	3.8	60.3
Cream separators	79.7	100.0	125.5	99.8	32.8	68.6	85.9	109.6	93.3	50.0	35.2	35.2
Milking machines (vacuum pump units)	14.9	32.2	51.2	29.1	44.2	74.2	116.5	128.0	75.8	51.4	40.5	125.8

[1] For wheel tractors and combines, imports as well as the shipments of domestic manufacturers are included in the above estimates. For all other items, the above figures represent total shipments of domestic manufacturers less exports.

[2] Not available.

FERTILIZERS

To implement the proposed 1951 agricultural production program, and at the same time build up our soil resources, will require about 1,200,000 tons of nitrogen (N); 2,200,000 tons of phosphate in the form of available phosphoric acid (P_2O_5); and 1,300,000 tons of potash (K_2O). These quantities of primary plant nutrients will produce about 20,000,000 tons of fertilizer.

These requirements are based on a survey made in 1948, and upon trends in utilization during recent years. They were developed by taking into consideration the amounts of nitrogen, phosphate, and potash needed in the production of major crops. It is estimated that approximately 16 percent of the nitrogen supply, 8 percent of the phosphate, and nearly 11 percent of the potash will be required in order to meet the 1951 cotton goal. Corn and forage crops will require about 30 percent of the nitrogen, 18 percent of the phosphates, and 21 percent of the potash. Small-grain crops will require 17 percent of the nitrogen, 23 percent of the phosphate, and 21 percent of the potash. Hay and pasture will require about 10 percent of the nitrogen, 30 percent of the phosphate, and 19 percent of the potash. Collectively, these major crops require about three-fourths of the amount necessary for agriculture in 1951.

The consumption of plant-food nutrients in the United States, Hawaii, and Puerto Rico from 1934–35 to date is shown in the attached tabulation.

Nitrogen.—Agricultural use of nitrogen is now at the million-ton mark, nearly 2½ times the consumption during the 1939–40 fertilizer year. Moreover, because of its dual role as a plant-food element and as a component of explosives, nitrogen represents a special problem during an emergency program. Assuming exports of 100,000 tons of nitrogen, industrial and nonagricultural requirements of 400,000 tons, and normal imports of 200,000 tons, there is adequate fixed nitrogen capacity in this country, provided the plants are enabled to operate at desired levels of production, to furnish the balance of 1,000,000 tons of nitrogen required to meet agriculture's need of approximately 1,200,000 tons indicated above. It should be emphasized that this forecast is based on the assumptions stated. Any defense requirements beyond present estimates, increases in exports, or reductions in imports would adversely affect the amount of nitrogent available for agriculture.

The foregoing capacity estimate does not include the Army-owned synthetic ammonia plant at Morgantown, W. Va., with an estimated annual capacity of 200,000 tons of fixed nitrogen which has been closed since May of this year.

To provide assurance that no severe cut in supplies of nitrogen for domestic use, and to take care of possible exports for rehabilitation programs, the Department recommended that the Morgantown plant be reactivated.

Phosphates.—There is domestic installed capacity to produce annually 2,500,000 tons of available phosphoric acid (P_2O_5) in the form of normal superphosphate and wet base goods, and more than 500,000 tons (P_2O_5) as triple superphosphate, making a total of 2,800,000 tons. As shown by the attached tabulation, the 1949–50 deliveries of available phosphoric acid, essentially synonymous with production amounted to approximately 2,125,000 tons P_2O_5 basis. Exports were less than 5 percent and imports were insignificant. From a production standpoint, there is ample capacity to meet estimated 1951 requirements. One possible bottleneck is the fairly tight sulfuric acid situation which, if certain defense demands accelerate, could infringe on the supply for superphosphate manufacture.

Potash.—Deliveries of potash from domestic production for agricultural use during 1949–50, which were essentially the same as production, were slightly under 1,000,000 tons K_2O. This figure, however, reflects a cut-back of some 150,000 tons resulting from a work stoppage of 6 weeks' duration. Present domestic capacity is estimated at more than 100,000 tons N_2O per month. New and enlarged facilities should make it possible to meet the increased demand in 1951. However, 85 percent of the United States production originates in the Carlsbad, N. Mex., area and requires rail transportation. Hence the movement is particularly sensitive to rail tie-ups and boxcar shortages.

81510—51——3

Plant food[1] consumption in continental United States, Hawaii, and Puerto Rico, 1934–35 through 1948–49,[2] with estimated supply for 1949–50

Fertilizer year	Nitrogen (N)	Available phosphoric acid (P_2O_5)	Potash (K_2O)	Total	Index percent
	Tons	*Tons*	*Tons*	*Tons*	
1934–35	312,000	597,000	307,000	1,216,000	68.86
1935–36	350,000	673,000	350,000	1,373,000	77.75
1936–37	411,000	794,000	416,000	1,621,000	91.79
1937–38	384,000	744,000	393,000	1,521,000	86.13
1938–39	308,000	789,000	409,000	1,596,000	90.37
1939–40	419,000	912,000	435,000	1,766,000	100.00
1940–41	458,000	984,000	467,000	1,919,000	108.66
1941–42	409,000	1,131,000	547,000	2,087,000	118.18
1942–43	509,000	1,237,000	643,000	2,389,000	135.28
1943–44	640,000	1,408,000	849,000	2,897,000	152.72
1944–45	630,000	1,354,000	729,000	2,713,000	153.62
1945–46	701,000	1,553,000	807,000	3,061,000	173.33
1946–47	784,000	1,736,000	858,000	3,378,000	191.28
1947–48	857,000	1,854,000	921,000	3,632,000	205.66
1948–49	920,000	1,942,000	1,073,000	3,935,000	222.82
1949–50[3]	1,030,000	2,050,000	1,075,000	4,155,000	235.28

[1] Plant food nutrients contained in commercial fertilizer.
[2] Figures for 1934–35 through 1948–49 based on data compiled by Bureau of Plant Industry, Soils, and Agricultural Engineering, U. S. Department of Agriculture.
[3] Estimated quantities available for use by farmers based on Bureau of Census and Bureau of Mines reports and special reports supplied to OMP–PMA by industry components.

Agricultural Manpower

To meet the proposed production program for 1951, with a reasonable allowance for maintenance of farm plant and equipment, will require approximately 1,932,000,000 10-hour days of labor. This is approximately the same number of man-days as were required in 1949, with due consideration being given to the fact that man-day requirements for a given quantity of agricultural production have gradually decreased since 1940 because of technological improvements in and increased use of machinery, fertilizers, and insecticides.

On basis of analysis by the Labor Department, it is evident that the current total labor force is nearly fully employed. The presently estimated unemployment of only slightly more than 2,000,000 is indicative of the virtually full employment situation of the economy. The proportion of the population above the age of 14 not in the labor force is less than in 1940. The high level of non-farm-civilian production since World War II has resulted in the retention in industrial employment of much farm labor drawn into such employment since 1940. Agriculture does not now have the underemployed manpower reserves on farms that existed in the pre-World War II period. The expansion of the armed services, the defense-industry programs, and the possibility of increased foreign-aid commitments will result in further pressures to draw farm workers into industrial employment during 1951.

The current high level of farm technology creates a problem of manpower supply beyond the question of the availability of a force numerically adequate to meet agricultural man-day requirements. It necessitates the retention of or obtaining of workers with the skills requisite to the more scientific methods of agriculture and to modern farm-machinery operation and maintenance. While this problem of retention of skilled workers is more readily apparent in the mechanized phases, such as in grain and cotton production, it is equally applicable in other more highly specialized activities such as in dairying. In general, on basis of present manpower requirements for the Armed Forces, selective service withdrawals are not expected to be a major factor in limiting agriculture production in 1951. A more serious problem will be the attraction into industrial employment, such as aircraft, of skilled farm workers. Attention should be given to the problem of stabilization of this type of employment on farms.

The needs for additional seasonal workers in 1951 will be primarily for cotton. The production program calls for an increase in cotton acreage to 28,000,000 acres from the 19,000,000 acres of 1950. The man-day requirements for this crop are calculated at 267,500,000 man-days, as compared with 192,600,000 man-days for the current year. A continued tightening of the labor market will make it more difficult to meet the additional labor requirements for the increased 1951 production. Attention should be given to the problem of providing sufficient labor to assure meeting this production program.

The production program for 1951 calls for maintenance of fruit, vegetable, and sugar crops at approximately 1950 levels. Assuming no abnormal weather conditions, no significant change is seasonal labor requirements for these crops in 1951 can be expected. Because of the location of much of this commercial production in areas near to large industrial consuming centers and areas of potential expansion in industrial mobilization, an increasing movement of labor from some of these sections to industrial employment can, however, be expected. Because of this fact and the historic problem of providing an adequate supply of seasonal labor, there will undoubtedly be more spot labor shortages in the harvesting and processing of these commodities during 1951 than in the last few years. Plans should be immediately developed for meeting this problem.

PESTICIDES

GENERAL SITUATION

The agricultural consumption of insecticides has grown enormously in the past decade. At the beginning of the period the materials in most use were inorganic or botanical products such as lead arsenate, calcium arsenate, copper fungicides, rotenone, and pyrethrum. The annual consumption of these amounted at that time to about 145,000,000 pounds. At present the quantity of these items consumed in agriculture is not much less than then, despite large scale replacement by several synthetic organic insecticides. DDT, benzene hexachloride, and certain other synthetic insecticides were introduced into agricultural practices only since 1945 but by 1950 were utilized to the extent of about 100,000,000 pounds. This figure, however, does not reveal the true extent of insecticide expansion because, whereas the older materials could be applied effectively only when undiluted or with little dilution, the new organic insecticides are generally used at relatively high dilution. For dusting purposes these newer insecticides may be used at as low as 1 percent strength. For spray purposes they are usually provided in the form of 25 to 50 percent wettable powders of emulsible concentrates for dilution to such levels as one-half to 1 pound of the active ingredient to 100 gallons, as compared to 3 pounds for lead arsenate. One hundred million pounds of the synthetic organic insecticides therefore are equivalent to many times that quantity of the older materials in effectiveness, crop coverage, and dollar value.

Insect infestations were particularly severe during both 1949 and 1950. Consumption of pest-control chemicals in agriculture during the 1950 season appears to have been the heaviest on record, with crop protection being adequate in most cases.

It should be borne in mind that consumption of insecticides and fungicides is more dependent upon infestation build-up than crop acreages. The trend continues toward increased use of synthetic organic chemicals and reduced consumption of arsenicals and botanical products, largely due to greater effectiveness of the synthetic organics.

Fewer applications of synthetic organic pesticides are required for pest control, particularly in fruit spraying. This is a labor-saving factor. For instance, two-thirds to three-fourths of labor requirements for codling moth control on apples is saved by use of DDT.

For a number of serious pests, synthetic organic chemicals provide the first practical means of effective control. This is true of pests of such field crops as alfalfa, also of corn borer on corn; likewise of secondary pests of both potatoes and cotton which formerly were responsible for considerable annual losses of these crops.

The long-term policy of educating growers to use pesticides as a preventive measure tends to increase consumption but this gradual increase is overshadowed by consumption peaks to control such epidemics of pests as were experienced during 1949 and 1950.

Production of synthetic organic pesticides is at present generally in close balance with use requirements. In fact, the demand for particular organics has in some cases been ahead of supply, and substitutes were required to some extent in 1950 on such crops as cotton. However, the present lack of inventories lends special significance to production figures in the estimation of 1951 requirements.

The impact of large withdrawals by the Defense Department of pesticides and of the basic chemicals for their manufacture would necessitate shifts to substitute materials for agricultural use. For some purposes usage may be shifted from one synthetic organic insecticide to another without too great loss of effectiveness, but this is not generally true for all major pests. If arsenicals and botanicals were to be depended upon for a major share in insect control, consid-

erable sacrifices in effectiveness against the insects and in efficient utilization of labor would be made at the cost of crop production.

REQUIREMENTS

DDT and related chemicals.—It is estimated that agriculture should have available in 1951 about 15 percent more DDT and related chemicals (methoxychlor, TDK, etc.) than were consumed in the 1950 crop year. This increase is based largely upon boll-worm control on increased cotton acreage and upon normal increase in demend.

Benzene hexachloride and lindane.—Estimated requirements of benzene hexachloride (including lindane) in 1951 are about 30 percent heavier than 1950 consumption. Benzene hexachloride is a leading cotton insecticide for the control of boll weevil. At the same time it controls a number of secondary pests which would reduce production appreciably. Refined benzene hexachloride, known as lindane, is required for much of the fly control in dairy barns and for louse control on dairy animals as a replacement for DDT, which has been found to be an undesirable contaminent for dairy products.

Other benzene derivatives.—Agricultural use of 2,4–D and related herbicides is expected to increase during 1951 as a means of increasing crop production and reducing the labor of weed control. Parathion and related phosphorous organics are of growing importance against certain types of insect and related pests. A proportion of the chlorinated phenols for use in wood preservation is of agricultural interest also. Diphenylamine is a benzene derivative for which demand is rather steady from year to year.

Benzene requirements.—The present tight situation relative to benzene, a basic chemical in a wide variety of organic chemical manufactures, has resulted in shortages of such materials as DDT and benzene hexachloride for insecticide use, and 2,4–D and related herbicides. The amount of benzene necessary to produce the 1951 requirements of DDT, benzene hexachloride, and other benzene derivatives mentioned above would be about 15 million gallons, depending upon the efficiency of the particular producing plant.

Chlorine requirements.—Chlorine supplies also are short, largely due to strikes which have only recently been settled, affecting a large share of the production. This situation has had a serious effect, for instance, upon grain fumigant availability. Most of the benzene derivatives required in agriculture also require chlorine in their production. Furthermore, a large quantity of other pesticides are chlorinated materials, including liquid grain fumigants, and a number of chemicals, such as toxaphene, chlordane, and aldrin, of much importance for control of cotton insects and of grasshoppers. Appreciable new production of some of these materials in prospect by early 1951 will relieve the situation with respect to cotton insect control if sufficient chlorine becomes available to supply the increased demand.

Botanical insecticides.—Rotenone imports from South America are rather stable at about 10,000,000 pounds annually and represent a reasonable figure for 1951 requirements. Pyrethrum supplies are inclined to be tight. However, pyrethrum production has been increased so that imports in 1951 should be adequate and no serious shortage of this insecticide for agricultural use should arise. Nicotine is in such supply at the present time that production has been curtailed, consumption having been reduced in recent years due to the development of synthetic organic insecticides of more general effectiveness when used on certain crops.

Arsenicals.—Arsenical requirements are dependent upon whether adequate supplies of more desirable insecticides such as DDT, benzene hexachloride, and certain other organics are available. Although DDT has replaced lead arsenate to a large extent in codling-moth control in fruit orchards, lead arsenate may be in greater demand for apple spraying in 1951 in order to control some pests which build up when DDT is used alone. The 1951 requirement for calcium arsenate is dependent, first, upon the availability of benzene hexachloride, toxaphene, and aldrin supplies and, second, upon the extent of boll-weevil infestations. No shortage of arsenicals should occur if industry has sufficient warning as to crop requirements.

Copper chemicals.—1951 requirements of copper chemicals for plant-disease control are expected to be somewhat less than in previous years due to increased applications of new organic chemicals to control specific diseases. The supply appears to be adequate. However, the availability of sufficient copper

sulfate to produce these chemicals is dependent upon whether defense projects make heavy inroads into supplies. The situation will require careful watching, because substitutes would not be readily available to meet copper sulfate shortages.

Sulfur.—Rather large tonnages of elemental sulfur for dusting crops are required. The 1951 consumption will probably be in excess of previous years because of extensive use on cotton for red spider control. The supply, however, should be adequate unless the tightness of the present sulfur situation increases materially.

Supplies of such materials as lime, talc, and other diluents and additives for pesticide formulation appear to be in adequate supply for 1951 requirements.

The preceding statements relative to pesticide requirements for 1951 may be summarized as follows:

DDT and analoga	pounds	53,000,000
Benzene hexachloride	do	65,000,000
2, 4–D and related herbicides	do	36,000,000
Diphenylamine	do	2,350,000
Pentachlorophenol	do	2,500,000
Liquid grain fumigants (includes about 1,600,000 gallons of carbon tetrachloride)	gallons	2,000,000
Other chlorinated organic chemicals such as toxaphene, chlordane, and aldrin	pounds	55,000,000
Rotenone-bearing roots	do	10,000,000
Pyrethrum flowers	do	2,000,000
Nicotine	do	1,000,000
Lead arsenate	do	25,000,000
Calcium arsenate	do	35,000,000
Cryolite	do	2,500,000
Copper chemicals, as copper sulfate	do	90,000,000
Mercurials, as metallic mercury	do	360,000
Sulfur	tons	200,000
Lime	do	150,000
Talc, pyrophyllite, and similar diluents	do	75,000

DECEMBER 18, 1950.

Hon. W. STUART SYMINGTON,
Chairman, National Security Resources Board,
Washington, D. C.

DEAR MR. SYMINGTON: In accordance with your request of December 5 we are attaching hereto the estimated acreage and production of various crop and livestock items for the years 1949 through 1954. Also attached are tables covering requirements for farm machinery, construction and maintenance, repairs and operating supplies. The data for the years 1949 and 1950 are estimated. The data for the years 1951 through 1954 represent desirable production levels.

All basic data were compiled by supply estimates committees established earlier for each of the various commodity groups for the purpose of determining available supplies and estimating future requirements. Agencies of the Department of Agriculture represented on these committees include those agencies usually concerned with agricultural programing and with estimating and analyzing domestic production, foreign supplies, and general agricultural outlook.

The Department of Defense has furnished this office with a commodity-by-commodity estimate of the total military requirements for the 1951–52 fiscal year. The ECA and Department of Defense have furnished data on import requirements from the United States of ECA countries and Japan, respectively, for the 1951–52 period. On the basis of these data, projections were made of the later periods through the 1955 fiscal year. In arriving at the United States Civilian requirements, consideration was given to desirable per capita consumption and population trends.

All of these estimates were based on the assumptions forwarded by you as appendix A.

Basic data supplied by these committees have been carefully reviewed. Adjustments were made where indicated in order to provide an integrated program in which estimates of production and requirements are reasonably consistent as between commodities and with respect to the over-all agricultural economy.

The over-all review which we have developed indicates that even after making necessary adjustments in requirements to meet the criteria of what is possible for certain crops, we will need a level of production in 1951 and in the later years greater than any previously attained in this country. The production called for in 1951 would equal about 145 percent of the 1935–39 average as compared with the peak of 140 percent in 1949. In 1950 production was 136 percent of the 1935–39 average. This level of required production increases gradually and reaches approximately 150 percent by 1955.

In the case of flaxseed the requirements would be substantially greater unless substantial imports are received during the 1952–55 period. These imports of either flaxseed or linseed oil would come mainly from the Argentine.

In the case of wool the figures indicated represent estimated production in the United States and not requirements. However, it is not anticipated at this time that all of the additional United States requirements can be met through imports. Therefore, it is probable that there will be an imbalance between requirements and available supplies. Domestic production probably can be increased slowly.

Wheat production requirements are high in order to provide for possible emergency feed programs and unforeseen export demands. The current rate of corn consumption is at record levels and the carry-over on October 1, 1951, will be below desirable levels. The large stocks of wheat could be made available for feed to supplement production deficiencies in later years.

To summarize, the total acreage required in 1951 for intertilled crops is about 157 million acres or about 10.7 million acres greater than were devoted to intertilled crops in 1950. However, this is approximately the same acreage as was planted to intertilled crops in the 1942–46 period. The 1951 requirements for close-sown crops equal about 136.8 million acres or about 2.7 million acres less than was sown in 1950. Total acreage of hay needed is 72.4 million acres or a reduction of 4.1 million acres from 1950. The total of 366.5 million acres needed to meet anticipated 1951 requirements exceed the 1950 planted acreage by about 3.5 million acres.

There is no question that the next few years will call more heavily on our farmers and farm resources than at any time in our history.

Sincerely yours,

FRANK WOOLLEY, *Deputy Administrator.*

Acreage requirements, 1949 through 1954

Crops	1949 [1]	1950 [1]	1951	1952	1953	1954
INTERTILLED						
Soybeans for beans [2]	9,912	12,937	13,000	12,850	12,675	12,580
Cotton	27,719	18,654	28,400	28,000	27,500	27,500
Tobacco [2]	1,630.3	1,626.7	1,728	1,747	1,718	1,726
Irish potatoes	1,923.6	1,846.6	1,560	1,560	1,550	1,550
Sweetpotatoes	548.0	589.2	598	601	597	607
Corn	87,910	84,151	88,000	88,000	88,000	88,000
Sorghums, grain [2 3]	6,612	8,370	8,500	7,100	7,600	8,350
Dry edible beans	1,900	1,642	1,689	1,918	1,905	1,937
Dry field peas	367	234	329	329	320	318
Sorghums, all except sirup	11,664	15,612	12,500	13,200	13,700	14,500
Sugar beets	769	1,010	1,010	860	860	860
Sugarcane, sugar, and seed	338	337	340	321	321	321
Peanuts, picked and threshed	2,332	2,115	1,960	1,865	1,830	1,815
Truck crops:						
Fresh market (25) [3]	1,894	1,845.7	1,975	2,038	2,092	2,148
Processed (11) [3]	1,729	1,638	1,850	1,980	2,020	2,020
Other [4]	1,652	1,635	1,635	1,635	1,635	1,635
Total intertilled	152,287.9	145,873.2	156,574	156,899	156,723	157,517
CLOSE SOWN						
Wheat	84,931	71,525	72,800	72,800	72,800	72,800
Rye [2]	1,558	1,852	1,500	1,800	1,800	1,800
Rice	1,839	1,633	1,868	1,800	1,800	1,800
Flaxseed	5,199	4,003	3,850	4,500	4,500	4,500
Oats	44,525	47,058	44,161	44,290	43,677	43,710
Barley	11,208	13,186	12,364	13,450	13,600	13,600
Buckwheat	291	283	283	283	283	283
Total, close sown	149,551	139,540	136,826	138,923	138,460	138,493
Total, cultivated crops	301,638.9	285,413.2	293,400	295,822	295,183	296,010
Hay, all	72,835	76,600	72,450	72,450	72,450	72,450
Winter cover crop seeds [2 5]	684	1,079	642	460	556	652
Other legume and grasses [2 6]	4,428	5,296	5,256	5,339	5,426	5,443
Total excluding legume and grass seed	375,357.9	363,092.2	366,492	368,732	368,189	369,112

[1] 1949 and 1950 estimated.
[2] Harvested.
[3] Excluded from total; included in "Sorghums, all except sirup."
[4] Includes cowpeas for peas, velvet beans, popcorn, broomcorn, and mung beans.
[5] Includes Austrian winter peas, vetches, crimson clover, common ryegrass, lupine, and wild peas.
[6] Includes alfalfa, 5 clovers, timothy, lespedeza, redtop, perennial ryegrass, sudan and orchard grass and meadow fescue, crested wheatgrass, bromegrass, red, tall, and chewing fescue.

Attachment No. 1

Explanation of the Estimated Farm-Machinery Requirements, December 18, 1950

FARM MACHINERY, EXCEPT CRAWLER TRACTORS

The 1949 information is based upon the 1949 census of manufacturers.

All figures on farm machinery, including crawler tractors, are based upon the value of shipments by manufacturers.

It is estimated that the volume of farm machinery and equipment, including attachments produced during the calendar year 1949, will be needed again in 1951. The Secretary of Agriculture so advised the Secretary of Commerce in a letter dated October 26, 1950.

If we were to assume that farm production would remain static during the years 1951 to 1955 this same output of machinery would be required in each of these years. This would be needed for the following three purposes: To replace worn-out or obsolete equipment; to compensate for the continuing loss of work stock and labor in line with present trends; and to continue the general trend toward farm mechanization. However, the following index of production has been separately established as the food program required under the assumptions given: 1950, 100.0; 1952, 103.0; 1953, 104.5; 1954, 106.0; 1955, 107.5.

The 1949 volume of production of tractors and other machinery has accordingly been adjusted to conform to these levels of farm production and also to the average January-June 1950 factory prices for farm machinery.

The production of repair parts under normal conditions averages about 20 percent as much as the dollar value of new units and attachments made, according to representatives of the farm-machinery industry. This rate has been used in the estimates for the years 1952–55.

With reference to the 1951 requirements for new machinery, one-half of the 1949 output of the industry is used as the estimate for the first 6 months of the year. This is the requirement stated by the Secretary of Agriculture in the above-mentioned letter. In that letter our requirement for repair parts was stated as 105 percent of the 1949 output. So one-half of that amount is used here.

CRAWLER TRACTORS

While the formal request for these estimates from NSRB fails to mention crawler tractors, we were asked verbally to include them.

Requirements for new crawler tractors have been developed on the same basis as for the other farm machinery.

The repair-parts requirement for the period January-June 1951 has been fixed at one-half of the 1949 production multiplied by 105 percent, as explained above. For the years 1952–55 they are estimated at 53 percent of the value of new crawlers to be produced. That was the average-value ratio of parts to new units manufactured in the most recent 3 years for which data is available, 1947 to 1949.

TABLE II.—*Statement of requirements for farm machinery, construction, and MRO*

Item	Value	Number of units	Materials (tons)			
			Carbon steel	Alloy steel	Copper	Aluminum
1949 FISCAL YEAR						
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$489,400,000	451,000	----------	----------	----------	----------
(2) Other farm machinery	850,900,000		----------	----------	----------	----------
(3) Repair parts	190,000,000		----------	----------	----------	----------
(b) Crawler tractors: [1]						
(1) Crawler tractors	40,100,000	12,200	----------	----------	----------	----------
(2) Repair parts	16,700,000		----------	----------	----------	----------
2. Construction:						
(a) On-farm	1,077,064,000	----------	240,000	----------	24,457	10,052
(b) Food-processing	382,847,000	----------	498,000	----------	11,294	4,889
3. MRO (on-farm)	434,830,000	----------	872,000	----------	2,168	35,323
FIRST HALF 1951 FISCAL YEAR						
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$244,700,000	225,500	----------	----------	----------	----------
(2) Other farm machinery	425,450		----------	----------	----------	----------
(3) Repair parts	99,700,000		----------	----------	----------	----------
(b) Crawler tractors: [1]						
(1) Crawler tractors	20,050,000	6,100	----------	----------	----------	----------
(2) Repair parts	8,868,000		----------	----------	----------	----------
2. Construction:						
(a) On-farm	376,972,000	----------	145,000	----------	12,631	5,087
(b) Food processing	209,385,000	----------	273,000	----------	6,177	2,674
3. MRO (on-farm)	152,190,000	----------	632,000	----------	2,269	27,188

TABLE II.—*Statement of requirements for farm machinery, construction, and MRO*—Continued

1952 FISCAL YEAR

Item	Value	Number of units	Materials (tons)			
			Carbon steel	Alloy steel	Copper	Aluminum
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$304,000,000	465,000				
(2) Other farm machinery	876,400,000					
(3) Repair parts	276,100,000					
(b) Crawler tractors: [1]						
(1) Crawler tractors	41,300,000	12,600				
(2) Repair parts	21,900,000					
2. Construction:						
(a) On-farm	753,945,000		289,000		23,451	10,174
(b) Food-processing	427,062,000		556,000		12,598	5,454
3. MRO (on-farm)	304,381,000		1,244,000		3,180	54,376

1953 FISCAL YEAR

Item	Value	Number of units	Materials (tons)			
			Carbon steel	Alloy steel	Copper	Aluminum
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$511,400,000	471,000				
(2) Other farm machinery	889,200,000					
(3) Repair parts	280,100,000					
(b) Crawler tractors: [1]						
(1) Crawler tractors	41,900,000	12,800				
(2) Repair parts	22,200,000					
2. Construction:						
(a) On-farm	753,945,000		289,000		22,534	10,174
(b) Food-processing	433,281,000		564,000		12,781	5,533
3. MRO (on-farm)	304,381,000		1,244,000		4,811	54,376

1954 FISCAL YEAR

Item	Value	Number of units	Materials (tons)			
			Carbon steel	Alloy steel	Copper	Aluminum
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$518,800,000	478,000				
(2) Other farm machinery	902,000,000					
(3) Repair parts	284,200,000					
(b) Crawler tractors: [1]						
(1) Crawler tractors	42,500,000	12,900				
(2) Repair parts	22,500,000					
2. Construction:						
(a) On-farm	829,339,000		316,000		21,851	11,182
(b) Food processing	439,500,000		572,000		12,965	5,613
3. MRO (on-farm)	334,819,000		1,372,000		6,279	59,763

1955 FISCAL YEAR

Item	Value	Number of units	Materials (tons)			
			Carbon steel	Alloy steel	Copper	Aluminum
1. Farm machinery:						
(a) Farm machinery (except crawler tractors):						
(1) Wheel tractors	$528,100,000	485,000				
(2) Other farm machinery	914,700,000					
(3) Repair parts	288,200,000					
(b) Crawler tractors: [1]						
(1) Crawler tractors	43,200,000	13,100				
(2) Repair parts	22,900,000					
2. Construction:						
(a) On-farm	904,734,000		343,000		14,508	12,208
(b) Food processing	445,720,000		580,000		13,148	6,034
3. MRO (on-farm)	365,257,000		1,594,000		7,600	65,252

[1] Requested verbally for guidance of Department of Commerce in computing total crawler tractor requirements.

ATTACHMENT No. 2

DECEMBER 18, 1950.

EXPLANATION OF ESTIMATED FOOD PROCESSING CONSTRUCTION

Data for this report were obtained from a number of agencies and persons. Assumptions used were those outlined in the NSRB confidential document entitled "Instructions for Preparation and Presentation of Programs and Program Requirements—Appendix A Assumptions," dated December 4, 1950.

The requirements are based on the assumption that there will be no actual war but that we will be in a period of full mobilization with the building of facilities to withstand a war. If a full-scale war occurs within the period covered by this report, the figures would not be applicable as construction for food processing might then be limited to (1) replacement, (2) maintenance, and (3) to take care of new products or increased acreage.

The following food-processing industries, which are listed in the 1947 Census of Manufacturers, General Summary, are included in these tabulations. In addition, figures have been added for cotton ginning, delinting, and storage, as well as a comparatively small figure for programs not otherwise listed:

Meat products:
- Meat packing, wholesale
- Prepared meats
- Poultry dressing, wholesale

Dairy products:
- Creamery butter
- Natural cheese
- Concentrated milk
- Ice cream and ices
- Special dairy products

Grain mill products:
- Flour and meal
- Prepared animal feeds
- Cereal preparations
- Rice cleaning and polishing
- Blended and prepared flour

Bakery products:
- Bread and other bakery products
- Biscuit, crackers, and pretzels

Sugar:
- Raw cane sugar
- Cane-sugar refining
- Beet sugar

Confectionery and related products:
- Confectionery products
- Chocolate and cocoa products
- Chewing gum

Beverages:
- Bottled soft drinks
- Malt liquors
- Malt
- Wines and brandy
- Distilled liquors, except brandy

Miscellaneous food preparations:
- Leavening compounds
- Shortening and cooking oils
- Oleomargarine
- Corn products
- Flavorings
- Vinegar and cider
- Manufactured ice
- Macaroni and spaghetti
- Liquid, frozen, and dried eggs
- Food preparations, n. e. s.

Tobacco manufacturers:
- Cigarettes
- Cigars
- Chewing and smoking tobacco
- Tobacco stemming and redrying

Soap and related products:
- Soap and glycerin
- Sulfonated oils and assistants

Gum and wood chemicals:
- Hardwood distillation
- Softwood distillation
- Gum naval stores (steam distilled)

Vegetable and animal oils:
- Cottonseed oil mills
- Linseed oil mills
- Soybean oil mills
- Vegetable oil mills, n. e. c.
- Marine animal oils
- Grease and tallow
- Fatty acids
- Animal oils, n. e. c.

Cotton ginning, delinting and storage

Monetary values are given in first half 1950 dollars.

Conversion factors for metal in construction were arrived at by figures furnished by the Building Materials Division of NPA and by our own adjustments.

The requirements for the various years were arrived at as follows: Construction figures for 1947 were given in 1947 Census of Manufacturers and by the Cotton Branch of PMA. These figures were converted to 1949 requirements by multiplying by 110 percent, which figure was obtained from data contained in trade journals. Figures for years subsequent to 1950 were adjusted in accordance with Index of Production figures developed by the Office of Requirements and Allocations. They were modified slightly to conform to actual construction within the industry in 1949 and estimates of "Food Industries," February 1949.

Source material indicates that the dollar volume of industrial construction declined from 1947 to 1949. Conversely, the volume of food-processing construction increased during this 3-year period. The reason is that during World War

II all types of construction were curtailed and limited to the essential. There was a limited amount of food-processing construction which included essential replacement and expansion only where absolutely essential to prevent the waste of food or to supply requirements of the military and lend-lease. Dried milk plants are an example of the latter. Controls were maintained on construction through 1946 and into 1947. From 1947 through 1950 the food-processing industry was in a program renovation and expansion which had been delayed by wartime restrictions.

In estimating material requirements the following factors were used:

[Tons per million dollars industrial construction]

Steel	1,325
Copper	30
Aluminum	13

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DECEMBER 18, 1950.

ATTACHMENT No. 3

STATEMENT OF REQUIREMENTS FOR ON-FARM CONSTRUCTION AND MRO (ON-FARM)

I. *Introduction.*—Considering the short length of time permitted for preparing this statement and the fact that many of the sources for the required information that existed during World War II have since been removed, it must be understood that this statement is only approximate. While based on the most reliable records obtainable, it reflects many calculations based on trends, relative factors, and estimates obtained from industry and Government sources, and our own judgment based on the personal knowledge of members of our staff. It is confidently expected, however, that the statement will serve adequately for broad forecasts and that similar statements that may be required in future will improve in authenticity as our sources of information improve.

II. *Value of on-farm construction and MRO.* The total figures shown in the statement are in terms of 1949 dollars, cover costs of both materials and labor, include costs of construction and MRO for service buildings and land betterment, but do not include costs of construction and MRO for operators' dwellings. "Service buildings" include barns and other buildings used in production, other than operators' dwellings and fences, windmills, and wells. "Land betterment" includes irrigation only.

The source of the 1949 totals for on-farm construction and MRO for service buildings was Construction and Construction Materials, Statistical Supplement, May 1950, Construction Volume and Costs, 1915–49, published by the Department of Commerce. The 1949 totals for new construction shown in this publication were obtained from the Division of Farm Management and Costs, Bureau of Agricultural Economics; but the 1949 totals for MRO shown were projected by the Department of Commerce, using survey figures for 1946 obtained from BAE as a basis and adjusting these figures by factors based on other available data, such as farm income. As stated in Miscellaneous Publication No. 703, BAE arrived at totals for new construction and MRO for 1946 by a sample survey, and "Estimates for other years are in part derived from annual census reports on factory-made equipment for farm use. But for the most part, they can only be approximated from changes in farm construction costs and changes in such indicators of physical volume as (1) lumber consumption on farms, (2) sales of building materials in rural areas, and (3) nonfarm residential construction."

The sources of the 1949 totals for on-farm construction and MRO for land betterment were the Bureau of the Census, Department of Commerce, and the Agricultural Program Branch, PMA, and the figures reached were admittedly incomplete and to a large extent hypothetical. Land betterment would include irrigation, drainage, and even soil-conservation treatments; but, since drainage

is done principally by the States and counties, and there is no measure of the construction and MRO costs in soil conservation, the totals for land betterment reflect only irrigation costs. These were reached by calculating the additional acreage put under irrigation during 1949, from agricultural survey figures obtained from the Agricultural Program Branch, PMA, multiplied by average costs per acre for construction and MRO. The average costs were calculated by using figures supplied by the Bureau of the Census from the 1940 census, converted into 1949 dollars by using the price indexes for construction materials and labor obtained from the Department of Comemrce.

It may be interesting to note that whereas the total costs for service buildings for MRO for 1949 were 46.5 percent of the new construction costs, the MRO costs for land betterment were only 1 percent of the new construction costs.

Projections for the first 6 months of 1951 and for the fiscal years 1951–52, 1952–53, 1953–54, and 1954–55 were based on the indexes provided in the assumptions.

III. *Requirements of carbon and alloy steel.*—Since our primary source for steel requirements is the actual consumption in 1949, we first calculated tonnages derived from tonnage totals of production and shipments of the steel industry for that year. These totals were obtained from the 1949 Annual Stattistical Report of the American Iron and Steel Institute, plus figures reported by some small producers, such as producers of bale ties, whose production and shipment figures are known not to be included in the institute's report.

Since it is known that only negligible amounts of alloy steel in mill forms and shapes are taken for on-farm use, we calculated consumption and requirements of carbon steel only. Moreover, since it is known that not all forms and shapes of carbon steel are taken in significant amounts for on-farm use, we calcalculated consumption and requirements of certain forms and shapes only, as follows: Pipe and tubing, sheets, nails, and staples, woven wire fencing, barb and twisted wire, drawn wire, and bale ties and spooled wire. However, in order to provide for the small quantities of other forms and shapes that might be taken for on-farm use, we added to the totals an arbitrary tolerance of 2 percent.

In calculating consumption and future requirements for on-farm, derived from the total tonnage production and shipment figures reported by the steel industry for the Nation at large, we were compelled to use factors reached by estimate. As yet we have been unable to locate any source for data on the tonnages of steel products that go to the farm market, since the farm trade customarily procures these products, not directly from the producers, but from wholesaling and retailing distributors; and since these distributors also sell the same products in nonfarm markets, and no known tabulation is made of the distributors' sales of these products by different classes of trade or markets, we could only use as bases the total production and shipment figures for the industry and convert them by percentages estimated to represent the "take" of agriculture for on-farm use.

These percentages, however, were reached after consultation with representative members of the steel industry, and were based on and weighted with the judgment of our own staff members, who are experienced in the distribution of these products in industry and familiar with farm requirements. The estimated percentages used were as follows:

Estimated percentages of shipments to the farm market through distributor channels

	Percent
Pipe and tubing	5
Sheets	15
Nails and staples	18
Woven-wire fencing	85
Barb and twisted wire	85
Drawn wire	5
Bale ties and spooled wire	75

Moreover, in distributing the figures thus derived between on-farm construction and MRO we also had to use estimates, based on our own knowledge of the end uses of the products. The distribution used was as follows:

Percentage distribution between new construction and MRO

Forms and shapes	New construction	MRO
Pipe and tubing	65.0	35.0
Sheets	15.0	85.0
Nails and staples	50.0	50.0
Woven wire fencing	10.0	90.0
Barb and twisted wire	10.0	90.0
Drawn wire	----------	100.0
Bale ties and spooled wire	----------	100.0

Since these are only estimates, it should be emphasized that they are intended for use in broad forecasts only, and not in making allocations.

However, in the case of rigid conduit, included with pipe and tubing, we used consumption and requirement figures furnished us by REA, as correlated with their electrification program. And in the case of bale ties and spooled wire (for automatic balers) we obtained fairly firm figures from the industry.

Forecasts for the first 6 months of 1951 and for the fiscal years 1951–52, 1952–53, 1953–54, and 1954–55 were reached by using as a base period the calendar year 1949 and projecting these periods by use of the factors given in the assumptions, and our own judgment based on our knowledge of inventories and trends. In the case of forecasts of requirements of materials used by farms in connection with rural electrification program, however, the projections were calculated in relation to the program schedule, which is a reasonably firm basis. Similarly, forecasts of requirements of bale ties and spooled wire for automatic balers were adjusted in terms of production indexes for cotton, hay, and straw.

IV. *Requirements of copper.*—In arriving at tonnages consumed in 1949 and forecasts of requirements in future, we considered only copper pipe and tubing and copper wire mill products, which are the only forms and shapes used by the farm trade in significant quantities.

These figures were supplied by the Rural Electrification Administration and were based on what appear to be logical calculations correlated with REA programs for farmstead electrification and plumbing. All supporting data, of course, is available in our files.

V. *Requirements of aluminum.*—The only two forms considered in calculating totals for aluminum were roofing and siding, and irrigation pipe. Calculations for aluminum roofing and siding were made by the same method as for steel roofing and siding, but in the case of irrigation pipe total production and shipment tonnages were used, since this product is obviously for farm use only.

VI. *Conclusion.*—A detailed work sheet and all supporting data for this statement are available in our files. This data will be adjusted as firmer information becomes available to us from additional sources being developed.

Production requirements of livestock products, 1949 through 1954

Commodity	Unit	1949 [1]	1950 [1]	1951	1952	1953	1954
Beef and veal	Million pounds carcass weight equivalent.	10,770	10,900	11,975	12,125	12,265	12,385
Pork (excluding lard)	do	10,333	11,200	11,845	11,995	12,135	12,255
Lamb and mutton	do	607	580	630	630	640	650
All meat	do	21,710	22,680	24,450	24,750	25,040	25,290
Eggs	Million dozen	5,168	5,407	5,304	5,380	5,451	5,513
Chickens	Million pounds	3,875	4,035	4,228	4,282	4,333	4,377
Turkeys	do	779	740	794	804	814	822
Total milk	do	121,962	123,326	123,826	125,443	126,893	120,113
Wool	Million pounds, scoured basis	111	112	111	114	119	127

[1] 1949 and 1950 estimated.

Crop production requirements in United States, 1949–54

Commodity	Unit	1949	1950	1951	1952	1953	1954
Wheat	Million bushels	1,146.5	1,010	1,150	1,150	1,150	1,150
Rye	do	18.7	22	18	22	22	22
Rice	Thousand 100-pound bags milled rice.	27,916	26,812	28,715	26,975	26,674	26,222
Dry edible beans	Thousands 100-pound bags cleaned basis.	20,059	14,610	16,047	17,260	17,147	17,430
Dry edible peas	do	2,319	1,820	2,586	2,539	2,503	2,477
Corn	Millions bushels	3,377.8	3,105	3,300	3,326	3,344	3,362
Oats	do	1,322.9	1,484	1,369	1,373	1,354	1,355
Barley	do	238.1	300	272	296	299	299
Sorghums, grain	do	152.6	196	130	142	152	167
Hay (all)	Millions tons	99.3	108	100	100	100	100
Winter cover crop seed	Clean basis 100 pounds		657,000	309,911	280,000	278,000	326,000
Legume and grass seed	do		578,093	604,448	614,000	624,000	626,000
Soybeans	Millions bushels	222.3	281.1	261.5	270.0	270.0	268.0
Flaxseed	do	43.7	35.2	34.3	40.5	40.5	40.6
Cotton (running bales)	Million bales	15.9	9.8	16.0	16.0	16.0	16.0
Peanuts	Million pounds FSB	1,876	1,771	1,450	1,390	1,400	1,410
Cottonseed	Thousand tons	6,477	4,031	6,445	6,629	6,571	6,584
Potatoes, white	Million bushels	402.0	430.0	335.0	335.0	335.0	335.0
Sweetpotatoes	do	54.2	59.7	59.2	59.5	59.1	60.1
Truck crops:							
Fresh market	Thousand tons	8,786	8,770.0	8,888.0	8,988.0	9,038.0	9,088.0
Processed:							
Canned	Thousand cases 24/2's	233,600	203,621	228,870	255,152	248,724	239,775
Frozen	Million pounds	564	590	644.5	699.3	710.3	724.3
Sugar	Thousand short tons raw value.	2,084	2,500	2,300	2,300	2,300	2,300
Total tree nuts	Shelled basis million pounds.	169.0	130.1	145.2	148.2	150 9	153.6
Total dried fruit	Thousand short tons	502.2	356.3	403.0	408.2	412.2	416.2
Honey	Million pounds	227.0	234.2	218.0	221.0	224.0	226.0
Hops (dried weight Sept. 1).	do	50.7	58.3	48.7	48.7	48.7	48.7
All canned fruits	Million cases 24/2½'s	54.7	63.5	76.3	82.3	90.5	90.0
All fruit juices	Million cases 24/2's		81.3	82.9	73.9	68.3	68.8
All frozen fruits and berries.	Million pounds	354.0	450	507	553	583	648
All frozen juices	do	246.9	413	540	511	519	529
Tobacco	do	1,995.1	2,039.0	2,024.0	2,105.0	2,072.0	2,081.0

MARCH 19, 1951.

Hon. W. H. HARRISON,
Administrator, Defense Production Administration.

DEAR MR. HARRISON: This is a letter of transmittal covering the submission of Forms GA–16 and GA–17, entitled "Claimant Agency Program Requirements Data," and "Claimant Agency Requirements for Materials," prepared in compliance with your request of January 15, 1951.

In accordance with the request of members of your staff, two copies of Forms GA–16 and GA–17 for each program were sent informally to the Program Requirements Division, Defense Production Administration, for immediate review, and consequently only the original copy of each form is included in this transmission.

The programs for which requirements are being submitted by this department have been classified into three major categories—agricultural production, food and fiber processing, and food distribution. Schedules and material requirements have been assembled into 24 groups under these major categories to facilitate compilation of data and appraisal of the objectives of each. A list giving this grouping is attached for ready reference.

The requirements statements for agricultural production and for food distribution are complete, but in the field of food processing a few major industries have not been covered. It was anticipated in your request that this situation might develop regarding certain items because of the time limits involved. Arrangements will have to be made to secure these requirements either for an approved survey of the industries or by some other method.

All of the program schedules and material requirements submitted herewith should be regarded as tentative estimates which are subject to revision as more reliable data become available. In this interim period prior to the submission of requirements under CMP for the fourth quarter, we are proceeding to accumulate as much additional information on requirements of the agricul-

tural economy as is possible, and this information will be made available to your staff as it is received.

This submission of requirements has taken into account the probability that no improvement can be anticipated in the standards of service to the civilian economy represented by these programs, and the effect of conservation orders and other controls now in operation has been considered. To the extent that requirements for materials and facilities for agricultural purposes were not essential to carrying out the defense production program referred to above, they have not been included in this submission, and attention was given where possible to the substitution of less critical materials for those which are or can be expected to be in short supply.

In the instructions received with your letter of January 15, it was stated that nonprocuring claimant agencies, of which Agriculture is one, should determine their program levels on the basis of 1950 performance in the sector of the economy for which they are responsible, with adjustments as necessary to support an increased defense program. The program levels for 1951 upon which our schedules and requirements statements are based are those which have been announced by the Department of Agriculture in recent months in the form of production guides for the major commodities for the production year 1951. We have projected our 1952 materials and facilities requirements by taking into account the probable production guides for that year.

The justification for the program schedules and material requirements being submitted by this Department and the importance of their fulfillment can best be understood against the background of the food and fiber production program which has been planned for 1951 and 1952 to meet increased demands upon the agricultural economy resulting from the defense mobilization effort. An explanatory statement on this production pattern and requirements to achieve this production is attached. There are attached copies of the Departmental Handbook on Production Guides for 1951, which contains complete information on this subject.

Agricultural production is seasonal, and materials and facilities requirements must be anticipated and produced according to schedules which will permit timely distribution. The program which is developed for the production of agricultural supplies and equipment must recognize that if shortages develop either on the farm or in the processing and distribution industries, the result will be lowered production, crop failure, or waste of food and fibers which are badly needed.

The production guides which have been announced for food and other agricultural commodities taken into account the fact that total requirements are in excess of production potential for 1951, and therefore it is absolutely essential that this production drive be a success. For this reason the Department of Agriculture as a claimant agency is prepared to devote its total resources to the development of the necessary plans and programs to the end that the requirements of the agricultural economy are met.

Sincerely yours,

CHARLES F. BRANNAN, *Secretary.*

1951 PRODUCTION PATTERN AND REQUIREMENTS

Abundant production of food, fiber, and other farm-produced raw materials is essential to meet military and foreign aid requirements and as a means of controlling inflation with a minimum of limitations upon civilian consumption. Anticipated demand calls for over-all production of food and fiber equal to about 145 percent of the 1935–39 average compared with a previous peak of 140 percent in 1949 and an index of 137 percent in 1950. The outstanding features of this program are a very large increase in cotton, significant increases in corn, wheat, and rice, important increases in truck crops, and downward adjustments of varying size for Irish potatoes, sorghums, flaxseed, and oats to release cropland for more important items.

Production of the commodities needed most during this year and next can be increased to some extent through the acreage adjustments indicated by the production guides announced by the Department, but we must face the realization that very little additional land can be brought into production. This means that if we are to meet food and fiber needs, the American farmer must increase the productive capacity of the present agricultural plant, a task which requires that the necessary supplies of farm machinery, fertilizers, pesticides, and other materials and facilities be produced and distributed on schedule. Achievement

of the agricultural production program hinges upon the fulfillment of the requirements for these agricultural requisites. It is no less important, of course, that materials and facilities be made available to the food and fiber processing industry and the food distribution trades to insure the delivery of the final product into the hands of the consumer whether it be an ordnance plant or the household unit.

Despite the tremendous progress made in recent years, it is still possible to increase the productivity of the agricultural economy by greater mechanization and skillful application of more efficient farming, processing, and distribution methods to increase yields, improve quality, and cut waste. Farmers can more effectively conserve their soil with more and better fertilizers and protect their crops against damage from insects, fungi, and nematodes with newly developed compounds. Techniques that permit more precision of operations on farms are possible with modern machines for planting, cultivating, and harvesting. Increased yields as a result of these practices will require expansion of processing facilities in some areas and the maintenance of such facilities at peak operating efficiency in all areas. It is because increased agricultural production depends primarily upon these factors rather than upon increased acreage that it is essential that agriculture's complete dependence upon industry for necessary supplies of machinery, fertilizer, pesticides, and other industrial products be recognized by all concerned with the mobilization effort.

LIST OF PROGRAMS FOR WHICH PROGRAM SCHEDULES AND MATERIAL REQUIREMENTS HAVE BEEN SUBMITTED BY THE DEPARTMENT OF AGRICULTURE

AGRICULTURAL PRODUCTION

Domestic fertilizer
Farm equipment
Farm internal combustion (utility) steam engines
On-farm construction and MRO
Pesticides
Specialized equipment for airplanes
Sulfur and sulfuric acid
Tires and tubes for tractors and implement replacements
Utility motors and generators
Veterinary supplies and equipment

FOOD AND FIBER PROCESSING

1. Containers for agricultural products
2. Cotton: Cotton processing
3. Dairy products: Milk and dairy processing
4. Fats and oils:
   - Fat splitters and sulfonators
   - Margarine
   - Oilseed crushing mills
   - Rendered animal fats (independent renderers only)
   - Shortening and edible oils
5. Fruit and vegetable products:
   - Citric acid industry
   - Dehydrated potatoes and other vegetables
   - Essential oils industry
   - Fresh potato packing, storage, and washing
   - Fresh fruit and vegetable processing and packing
   - Jams, jellies, preserves, and other fruit spreads
   - Miscellaneous fruit and vegetables
   - Pectin industry
   - Potato chips
   - Potato flour
   - Potato starch
   - Prepackaged fresh fruit and vegetables at terminal point, machinery and equipment

6. Grain products
   - Agricultural and vegetable seed [1]
   - Alcohol distilling [1]
   - Alfalfa [1]
   - Alimentary paste processing [1]
   - Arrowroot and cassava processing [1]
   - Baking [1]
   - Baking soda and powder manufacturing [1]
   - Barley processing [1]
   - Brewing [1]
   - Broomcorn [1]
   - Cereal processing [1]
   - Dry corn millers
   - Dry edible bean and pea industry
   - Feed, includin regular mixed feed manufacturing and other mixes [1]
   - Flour (except potato flour) [1]
   - Malt processing
   - Monosodium glutamate [1]
   - Popcorn [1]
   - Rice milling and processing industry
   - Wet milling industry
   - Yeast [1]
7. Meat products:
   - Meat-packing industry
   - Public stockyards
8. Poultry products:
   - Egg processing
   - Poultry, turkey, and rabbit processing
9. Sugar products:
   - Beverage alcohol from molasses
   - Cane sugar (raw and refined)
   - Chewing gum
   - Chocolate and cocoa products
   - Confectionery
   - Flavoring and fountain sirup
   - Maple sugar sirup
   - Molasses, edible and blackstrap
   - Soft and carbonated beverages
   - Sugar beets
10. Tobacco products:
    - Marketing, processing, and storage of tobacco
    - Manufacturing of tobacco
11. Miscellaneous:
    - Frozen food lockers
    - Ice
    - Fish products, including oils
    - Naval stores [1]

FOOD DISTRIBUTION

Wholesale food distribution
Retail food distribution
Public feeding service

Mr. HILL. I hope I am not out of place asking a question. I am not a member of this subcommittee.

Mr. ABERNETHY. You may feel free to ask any question.

Mr. HILL. What I wanted to ask about is along the line that Mr. Hope spoke of.

To begin with, I have had more than 15 years' actual experience in selling farm machinery. I know something about what you are talking about when you speak of repairs.

[1] This is one of the programs referred to on p. 1 of our letter of transmittal for which some method of computing requirements will have to be worked out with the staff of the Defense Production Administration.

There are certain repairs that are tough to get. And if you are going to have happening to the farm machinery what you suspect—and I hope you are a poor prophet. I would like to ask you definitely this question:

Where in the name of common sense did you get this information on page 5, where you say that by the middle of the year 1951, which is less than 3 months away, the farm machinery will be down to 50 percent of the production?

Mr. ABERNETHY. You mean 1951?

Mr. HILL. I mean 1951. That is what it says. That is less than 3 months away.

Mr. ALBERT. That is 9 months ago.

Mr. HILL. He says, but this year by midyear that we will be down to 50 percent production of last year. Am I right? I am just talking about the statement.

Where did you get that information? That is a tremendous statement to me. It scares me. We are not going to get many repairs after that date.

Where did you get that, who told you that? I would like to know.

Mr. MCCORMICK. Mr. Taylor will answer that?

Mr. TAYLOR. They had an industry advisory meeting in January where the industry agreed at that point that if there was not assistance given, and a lot of assistance given, that the production of farm machinery would be down to 75 percent at the end of the second quarter, which is the 1st of July.

Mr. HILL. Seventy-five percent of last year?

Mr. TAYLOR. Yes.

Mr. HILL. Does that hold true for repairs? Is that what you mean there?

Mr. TAYLOR. Let me finish that. And then this 50 percent figure is what we have received in talking to industry since that time as to where it might go if assistance is not given.

On your question as to repair parts, there is no reason why even though the production of machines is down but what the repair part production could stay up, provided the companies are able to get enough material to stay in the business.

Mr. HILL. How many months do you think repair parts are behind the point of delivery to the retailer himself? In other words, if I want a repair part for a tractor mower or a repair part for a tractor binder, how many months ahead of the time I get it into my repair bin, has the manufacturer to make it? How long, do you know?

Mr. TAYLOR. A number of months. It probably would have to be 6 months to get the material to start through.

Mr. HILL. That would be almost a minimum number, would it not?

Mr. TAYLOR. Yes; that is right.

Mr. HILL. It looks to me like the farmer has had something slipped up on him on the blind side. He will be sitting out here without any repair parts at all for his new machinery. He breaks it sometimes, tears it to pieces.

Let me ask you this, do you mean to say that if he cannot get but 75 percent of those repair parts that he is not in a bad shape? You are putting this off 3 months by your own statement.

Mr. TAYLOR. I am sure he is in bad shape. I think we realize that. I think we are pointing it out in this testimony of the Under Secretary that that is a serious problem that we would like to see corrected.

Mr. HILL. I agree with Mr. Hope.

Then further down you make it even worse, when you say that unless assistance is given to the small manufacturers they are going to not only be in a bad way, but they will have to discontinue operations.

Mr. MCCORMICK. We understand there is one that shut down this morning.

Mr. HILL. How many small manufacturers have we of farm implements throughout the United States? Do you have any idea of the number?

Mr. TAYLOR. We do not know exactly, but the total is about 1,600—somewhere in there now. It probably may be more than that.

Mr. HILL. What percentage of those 1,600 small manufacturers are going to be squeezed out entirely, if you cannot get a proper allocation of farm steel?

Mr. TAYLOR. We do not have the figures except in these cases that come in that have been reported to us.

Mr. HILL. What percentage of their steel are they getting now?

Mr. TAYLOR. I think you would have to ask the industry that when you have the industry people here, as to what they are getting. I think that they can give you the definite figures.

Mr. HOEVEN. Is it a correct statement to say that at the present time only 4 percent of the supply of steel is going into the manufacture of farm machinery?

Mr. TAYLOR. They estimated that it would take about 2,600,000 tons of steel, I think, to manufacture the 1950 production of farm machinery.

Mr. HOEVEN. That does not answer my question. I saw a statement somewhere that 4 percent of steel at the present time was being allocated to the manufacture of farm machinery and parts. Do you believe that is about a correct figure?

Mr. TAYLOR. This 2,600,000 might be 4 percent. The figure that you saw may have been tied to the total need of that. That would only be 4 percent of the total steel.

Mr. HILL. Is that repairs and machines as well?

Mr. TAYLOR. Yes.

Mr. HILL. Do you mean that is all that the farm implement industry needs a year of the steel produced in this country, 4 percent?

Mr. TAYLOR. I am not too sure of that figure, but it is 2,600,000 tons against a total of 100,000,000. But there may be something in product tons that breaks it down to a different percentage.

Mr. HILL. Let us get this straight. When did they begin to cut down the allocation of steel to the farm machinery companies, that is, the manufacturers; how long ago?

Mr. TAYLOR. You understand that the allocation of steel to the farm machinery people is the allocation that is made by the steel companies and is not a governmental allocation.

Mr. ALBERT. They just have not been able to buy it.

Mr. HILL. What about your black-market operations? I believe they call it gray market in steel, but it is still black to me. What about that? Have any of the small manufacturing firms reported any, shall

I say, pipeline into places where they can buy this steel on the black market?

Mr. TAYLOR. Some of them have, yes, and have told us that there was some available.

Mr. ABERNETHY. Will you yield there?

Mr. HILL. Yes.

Mr. ABERNETHY. Mr. Taylor, it is a fact as you said a moment ago that steel is being allocated under directives from Washington, is it not.

Mr. TAYLOR. Some of it; yes.

Mr. ABERNETHY. Then you will amend your statement made a moment ago that it was being allocated by the manufacturers of steel. Some of it is being allocated under directives from Washington.

Mr. TAYLOR. That is right, but not to the farm machinery industry.

Mr. ABERNETHY. But not to the farm machinery industry; that is right.

Mr. TAYLOR. Yes.

Mr. HILL. Would this be a correct statement, that when the steel is allocated by the steel companies that the National Production Authority actually agrees that this allocation is O. K., if they let it go? Is that not a fact?

Mr. TAYLOR. I think you should question the MPA on that when you get into points of that type.

Mr. HILL. That is all.

Mr. HOPE. Mr. Chairman, there are in the audience at this time a group of 10 Kansas farmers who have been sent to Washington by the Kansas State Farm Bureau, because of their splendid record as farmers in Kansas. I do not want to go so far as to say, because we do not brag much out in Kansas, that they are the best farmers in the United States, but I would go so far as to say that they are equal to the best farmers in the United States.

I would like for the committee to have a look at them. I will not introduce them individually, but I would like to have them stand, if they will, and just let the committee see who they are. Will you gentlemen stand?

(The gentlemen stood.)

Mr. ABERNETHY. Mr. Hope is very modest. I know that he feels that you Kansas farmers are the very best. Of course, some of us might disagree with him, more particularly if we had some of our own in the room at the time.

We are delighted to have you with us. You are well represented here in Congress and, particularly, in this committee by Mr. Hope. We are delighted to have you visit our committee room.

Mr. Secretary and Mr. Taylor, we appreciate your appearance here. You have given us some very valuable information and we thank you so much for bringing it to us.

Mr. MCCORMICK. I have been very happy to have been here.

Mr. ABERNETHY. Mr. Heimburger.

Mr. HEIMBURGER. Mr. Chairman, the next witness is Mr. Dave Meeker, who is an employee of Dearborn Motors Corp. He is here in his individual capacity, because Mr. Meeker was with the Department of Agriculture during World War II, working on farm machinery. I think he knows as much as anybody in the country about

the mistakes that were made and the difficulties that were encountered at that time. He is appearing in his individual capacity as an expert witness on World War II.

Mr. ABERNETHY. We are delighted to have you, Mr. Meeker.

STATEMENT OF DAVID MEEKER, DEARBORN MOTORS CORP., BIRMINGHAM, MICH.

Mr. MEEKER. Mr. Chairman and gentlemen, I am David Meeker, Pacific Coast sales manager for Dearborn Motors Corp. I am located at Oakland, Calif. In accordance with the request of this subcommittee I am glad to be here in my individual capacity as a witness with knowledge of the farm-machinery programs in effect during World War II.

Mr. Heimburger has told you that I was connected with the Department of Agriculture and, subsequently, with the War Food Administration, and had to do with the farm-machinery programs during the war period up to mid 1945.

Perhaps the most useful service that I can perform here this morning will be to briefly describe for this committee some of the many and serious difficulties that we experienced in our efforts to obtain the farm machinery and equipment needed to produce the food and fiber required by the Armed Forces and by the civilian population, during World War II.

Please bear in mind that agriculture was being asked to produce increased quantities of almost all agricultural products.

At the start of the war, the farm plant as a whole was not in good shape, since it had not fully recovered from the effects of the depression, and from the long series of bad seasons that started with the drought of 1934.

The cream of the working force, both family labor and hired labor, was already leaving to go to the military services and into the war plants.

In the light of what they were being called upon to do farmers and ranchers were faced with what seemed to be almost insurmountable difficulties.

The Department of Agriculture and, later, the War Food Administration, starting in 1942, determined agricultural production goals for crops, livestock and livestock products, and attempted to help farmers to produce the commodities most needed.

At various times during the war period committees in the Department of Agriculture and in the War Food Administration, the State war boards, the State agricultural experiment stations, a committee consisting of the heads of the State colleges, agricultural engineering departments, representatives of the farm machinery manufacturers and of the priorities committee of the Farm Equipment Institute, all assisted in formulating the national requirements for farm machinery and equipment.

The almost continuous, thorough, and careful studies of the amounts of farm machinery needed, were closely related to the farm production goals and, also, took into account the continually deteriorating manpower situation on farms. Without exception these studies led to the conclusion that more tractors and more labor-saving machines

such as pick-up hay balers, combines, corn pickers and milking machines were needed by farmers, if they were to have a reasonable chance to produce the increased quantities of food and fiber that were needed.

Farm machinery production was controlled by the succession of war agencies as was the production of other nonmilitary goods by means of limitation orders.

The first of these issued by the Office of Production Management controlled the production of farm machinery in 1942 and was, in view of subsequent orders, relatively liberal, although it did not seem so at the time. If I recall correctly, it limited production to about 80 percent of the 1940 level.

The Office of Production Management had been succeeded by the War Production Board when the Office of Agricultural War Relations in the Department started work on the 1943 farm machinery program.

There had been organized within the War Production Board an Office of Civilian Supply, and this Office also prepared a 1943 farm machinery program.

After considerable delay the program prepared by the Department of Agriculture, was rejected by the War Production Board and the one prepared by the Office of Civilian Requirements was adopted by the War Production Board Requirements Committee, over the vigorous protests of the Secretary of Agriculture.

Under the limitation order which was issued to implement this drastic 1943 farm machinery program the production of farm machinery was cut to less than 25 percent of the 1940 production level. Wheel tractors were cut to about 30,000 as compared to about 220,000 in 1940 and 278,000 in 1941.

The production of other machines was similarly reduced.

In addition to the extremely low level of production authorized by the 1943 farm machinery program, developed and sponsored by the Office of Civilian Supply, this group conceived and secured the adoption of the so-called concentration plan. The Department of Agriculture and the industry opposed the concentration plan as being unworkable, but the War Production Board approved it anyway.

This plan was designed to concentrate production in the plants of the smaller manufacturers. The device used to do this was that of establishing different production quotas, different percentages for different sizes of manufacturers; smaller manufacturers were given the largest quotas, the larger manufacturers were allowed the smallest quotas. None of the quotas were very big.

In theory it was desirable and possible for the larger manufacturers to fill their plants with war work, leaving the smaller plants to produce the relatively small quantity of farm machinery which was permitted.

Since low quotas were applied to an over-all authorized production of less than 25 percent, many of the larger manufacturers were allowed to produce various machines at rates of only 5 or 10 percent of 1940 production. Thus, in many cases, the quantities of machines permitted to be produced were so low as to make production of whole machines impractical, although manufacturers still had to continue to make runs of repair parts.

The concentration plan, while attractive in theory, did not even work as anticipated for the smaller manufacturers. Those who con-

ceived and promoted the program did not understand or ignored two very important facts: The first of these is that the small manufacturers usually serve relatively limited geographical areas such as a State or region. Since this was the case they had no distribution set up outside of their normal distribution areas, and no distributing organization and dealers to handle and service their products. Likewise, there were no stocks of repair parts available outside of their normal distribution areas.

The second fact which was not understood, was that much of the machinery produced by the smaller manufacturers was of a specialized nature, designed and built to meet the specific requirements and needs of a certain geographic area. This meant that often such equipment was not readily usable and could not readily be sold outside of the normal distribution areas, in spite of the acute shortages.

Inevitably, the result of this was that the areas served solely by the large manufacturers got few or no machines, and where they did receive them from other sources the implements were often "orphans," as we describe them, without repair parts and service to keep them running.

For these reasons, and others, the concentration plan did not work well, and actually was responsible, at least in part, for reducing the production of farm machinery in 1943 materially below the low levels authorized.

In addition, it seriously distorted normal distribution patterns and made the rationing program then in effect very difficult to administer.

As I remember, the concentration plan was kept in effect only through 1943.

The 1943 farm machinery program with its accompanying concentration plan was the low point in the authorization of farm machinery production during World War II. Farmers had begun to feel the pinch of severe scarcity. The totally inadequate production of all farm machines made necessary a drastic rationing program. Many people became concerned about food production.

Let me say here that the War Production Board had no direct responsibility for food production, as I recall it. And it began to appear to us that the plan of following the regularly constituted channels for securing farm machinery and equipment could not be expected to produce results. The national concern about food production that I just referred to was the cause of an investigation by the House Committee on Agriculture, of the farm machinery situation and, also, by the Senate investigating committee known as the Truman committee.

The Truman committee investigation was directed at the manner in which the War Production Board had handled farm machinery production. Following the investigation the Senate committee recommended, in effect, that War Production Board policies be liberalized and that the farm machinery recommendations of the War Food Administrator be given greater weight by the Chairman of the War Production Board.

From this time on the situation did improve insofar as authorizations to produce were concerned. But, mark this, the ability of the industry to produce had been seriously affected, and from 1943 on to the end of the war, production schedules of nearly all farm machinery,

were chronically behind schedule. Perhaps we ought to discuss the reasons for this in a little greater detail.

The manufacture of tractors and plows, corn pickers and combines, pick-up hay balers, milking machines and cream separators, to name only a few of the hundred of items required on the modern farm, is an extremely complex and difficult job. It requires proper planning in the procurement of materials and commodities and components, the careful management of manpower and the competent over-all management of plants as well, if satisfactory products are to be turned out efficiently.

The production of tractors and farm machinery as carried on in a modern mass-production plant cannot be turned off and on like you turn the water on and off in your kitchen sink. We found this out in 1942, 1943, and 1944, when authorizations to produce were continually changing up and down. When an order had stopped or greatly reduced the production of tractors or any other farm machine and later larger production schedules were authorized it was extremely difficult, if not impossible, to get production going again. The reasons were that skilled labor had been shifted to other jobs or had gotten away altogether. Contacts with component suppliers had been broken. Places on steel mill schedules had been lost.

To be more specific, following the drastic limitation order which reduced the 1943 production to such low levels, we found it necessary to develop a series of supplemental programs. One of these was for the production of harvesting machinery, combines to harvest the increased acreage of grain and soybeans, and corn pickers to take up some of the slack of labor shortages in the Corn Belt. This program was authorized about 5 months before the small-grain harvest and about 8 months before the soybean harvest, as I recall, but we missed both of them with the combines.

We had about a 9 months' lead with the corn pickers, and as I remember, most of them were produced on time.

What I am trying to say here is that under conditions as they existed at that time, the lead time from authorization to finished product, in the case of machinery of this type, was usually from 6 to 9 months. And since crops are harvested seasonally this meant that we often got there with the equipment only in time for next year's harvest.

This long lead time is understandable when we consider the fact that manufacturers first had to get on steel-mill schedules to obtain the necessary steel. This ofter required several months. The components such as engines, bearings, V-belts, steel chain, wheels, tires, and so on had to be procured.

After all materials and components had been obtained it was possible to start the production line, but it is a well-known fact in manufacturing that there is a certain rhythm or tempo to an efficient production-line operation. This is not easy to attain. When runs are interrupted by stoppages of the flow of materials or for any other reasons, a high level of production efficiency cannot be achieved.

These difficulties are inherent in a situation in which production levels are cut too low and adequate priorities to insure the proper flow of materials and components are not given. The quality of the products may suffer and delay in the production of the needed ma-

chines in time for planting, cultivating, or harvesting the crops may result.

A mower that gets to the farmer a month after the clover crop is ready to mow is not much help in the production of food until the next crop season comes around. By the same token a cotton picker that is produced after the fall rains have damaged the unpicked cotton and much of it has fallen to the ground, does not contribute much to the fiber and oil requirements of the Nation.

We used to refer to these late machines somewhat wryly as the machines "that got there 11 months too early."

In considering the production problems which caused manufacturers the most difficulty and interfered the most with the timely production of the needed farm machinery we must not overlook parts and components.

The manufacture of farm machinery is so organized that many parts and components are obtained from outside sources. Some of the important ones are friction and antifriction bearings, magnetos, wheels, ground-engaging parts, disk blades, detachable steel-link chain, rake teeth, rubber V-belts, malleable-iron castings, engines, and, of course, rubber tires. There are many others.

Many of these items were in short supply throughout most of the war period. And some of them continually bottlenecked production and delayed the manufacture of critically needed new tractors and farm machinery. They were, also, a problem insofar as they were needed as repair parts.

Perhaps the most serious and the most chronic shortages were in malleable iron castings, disk blades and detachable steel link chain. Many other components or parts were short supply either periodically or chronically.

Some of the shortages were caused by the impact of military procurement. Others resulted from shortages of both skilled and unskilled labor or from the lack of capacity to meet greatly increased demands for repair parts. Most of the shortages, I believe, were not due to the lack of sufficient steel and other materials, but instead were caused basically by the drastic curtailment of farm machinery production in 1943.

The production schedules of suppliers of these parts and components were disrupted and many of them converted to military production and were unable to supply the needs of farm machinery manufacturers when again called upon to do so.

Another problem of tremendous importance was that of supplying adequate quantities of repair parts. A 2-ounce bearing which has failed and which cannot be quickly replaced may make a 2,000-pound machine inoperative at harvest time.

Dealers must be able to supply these needed repair parts promptly.

Actually, the production of repair parts was greatly increased almost from the start of World War II. Eventually, in many categories it was more than double, but with the greatly reduced production of new machines, the greater use of existing equipment, the lower average level of skill of farm workers which meant more breakage and greater wear due to rough handling and poor adjustments, the production of repair parts was still not great enough to meet requirements.

Generally speaking, the war agencies were liberal in allocating material for the production of repair parts. However, manufacturers had great difficulty in producing them. Runs of repair parts are often made at the same time that the same parts are being produced for whole machines. The severe limitation orders and the upsetting of the normal pattern of production often combined to interfere with the production of repair parts, even when the necessary materials were available.

In the case of certain parts and components, such as malleable castings, disk blades and detachable steel link chain we seemed to always be in trouble. There seemed never to be enough either for the production of new machines or to meet the needs for repair parts.

Farmers and farm machinery dealers met the shortages of repair parts by improvizing, substituting, robbing worn out machines in junk yards and elsewhere and by the use of the welding torch, but this was wasteful of valuable time. There is no doubt that repair part shortages hampered food production and made the farmer's hard job a lot harder than it should have been.

By 1943 shortages of tractors and farm machinery and shortages of labor on farms had made rationing mandatory. This was a complex and difficult job.

The responsibility for doing it was accepted by the War Food Administration only because of the close relationship between tractors and farm machinery and the national food and fiber production program.

The rationing program was developed by the Farm Machinery and Supplies Branch of the Office of Materials and Facilities assisted by other groups and agencies in the Department. Manufacturers assisted greatly in planning and carrying out the program.

The rationing program was administered by the State and county war boards. Rationing was extremely difficult to handle because of the range of sizes and adaptations of tractors and other farm machines.

The rationing machinery first had to be distributed by States and then by counties. It proved difficult to reconcile the War Food Administration pattern of distribution with the distribution patterns of a large group of manufacturers, some of them serving the entire United States, others serving only one or two States or parts of States. Farmers were forced to spend considerable time securing rationed machinery. The whole rationing program required much time on the part of manufacturers, War Food Administration personnel, State and county war boards and farmers themselves.

A reasonable level of farm machinery production without the distortion of the production pattern caused by the concentration plan would have made the farm machinery rationing program unnecessary, I believe, and would have saved the expenditure of much time and energy which was needed for more important activities.

Price ceilings are a whole chapter in themselves, but suffice it to say that price control as administered by the OPA was related in some measure to the rationing program. From the reports we received the price control of new machines seemed to work relatively well, but it was quite ineffective on used equipment.

The shortage of farm labor and the need to maintain or increase production by substituting machine power for manpower greatly increased the demand for used tractors and used farm equipment. Be-

cause controls were not very effective, used tractors often sold at fantastic prices as did other used machines. At farm auctions it was a common practice to price a used tractor at the ceiling price and then sell it with a bale of hay. The bale of hay might bring three, five, seven or eight hundred dollars.

A reasonable level of production would have more nearly met the needs of farmers and would have greatly minimized the acute shortages responsible for that situation.

As I consider the difficulties we encountered in our efforts to obtain the tractors and farm machinery needed by farmers it seems to me now, that basically our inability to secure approval of the needed production was the result of the rejection by the allocating agencies of certain fundamental concepts. Actually, during the entire period in which we were working to obtain the needed tractors and farm machinery we tried to get the allocating authorities to understand and accept certain concepts and facts having to do with the production of food and fiber on the American farm.

I regret to say that we were signally unsuccessful in doing this, although I believed then and I believe now that these were sound and should have been accepted.

I believe this committee should know what those ideas and concepts were.

The first of these, and it is a basic concept, is that tractors and farm machinery are the machine tools of agriculture. We believed that if we were to expect farmers to maintain, and in the case of many commodities, greatly increase production in the face of a dwindling labor supply that we should be willing to provide them with the equipment they needed to do the job. For example, the national requirements for fats and oils had increased enormously, and since most of our imports had been cut off, supplies were critically short. Farmers had been asked to more than double the production of soybeans and peanuts to help make up this deficit. It was our position that we should provide the additional equipment required to prepare the land, plant, cultivate, and harvest the increased acreages which farmers had been asked to grow. We believed it was as reasonable and sensible to do this as it was to provide the automotive manufacturer having an aircraft engine or a tank contract with the machine tools he needed to do his job.

It is accurate and fair to say that we were never able to get acceptance of this idea of the machine tool relationship of farm machinery to agricultural production. Most of the War Production Board Requirement Committee members and others who were in a position to affect the allocation of materials or farm machinery, seemed to regard all farm machinery as being in the same category as strictly consumer goods, which could be done without in a period of emergency.

The second major hurdle we encountered in our efforts to secure acceptance of the need for new farm machinery was an almost complete lack of understanding on the part of allocation authorities of the complex nature of modern agricultural production.

Over the years the discoveries of the agricultural experiment stations had been widely disseminated by the Agricultural Extension Service through the public school system and by the farm press. New and improved production methods and practices had been accepted, adapted and perfected by practical farmers and ranchers everywhere.

At the same time, tractors had been replacing horses and mules as the source of power, and labor-saving machines had been replacing manpower on the farms. Indeed, the use of tractors and farm machines was so interwoven with this relatively new farm technology that it was impossible to tell where the one ended and the other began.

It was these developments plus good weather that accounted for the increasingly high level of agricultural production during World War II, in spite of a continually dwindling farm population and farm labor force. Allocation authorities, generally, seemed not to understand the situation and too often we encountered the attitude, "Stuff just grows, does it not?" We seemed to be able to get very little understanding of the complex nature of modern farm production with its dependence on fertilizers, insecticides, fungicides, and dozens of other materials and supplies, plus tractors and farm machinery to prepare land, to fertilize, plant, cultivate, spray or dust the crop, and finally, to harvest the crop and prepare it for market.

An illustration: It had been thoroughly demonstrated by 1941 that substantial increases in corn yields could be secured through the use of fertilizer applied at corn-planting time. Fertilizer attachments for use on corn planters were needed to apply the fertilizer and thus to efficiently increase needed corn production. We had a very difficult time getting this understood and, actually, were never able to get much production of this essential equipment.

Then, finally, we had considerable difficulty in getting allocating authorities to understand the seasonal nature of farming.

In spite of strenuous efforts to develop production programs far enough in advance to permit approval and to get equipment manufactured and distributed in time for use, machines often got to farmers too late to plant or cultivate that year's crop.

In conclusion, it seems to me that if we had been able to establish the essentiality of agriculture, secured an understanding of the fact that tractors and implements are the machine tools of agriculture, obtained a realization that the total steel requirements were not more than about 3 percent of the total supply, had been able to register the fact that even in a hot war this amount of material was not significant in relation to the need to safely maintain and increase the production of food and fiber and had allocated the necessary materials and permitted the farm machinery industry to go ahead with the production of the needed farm machinery, that we would have done a more effective job of providing the country with food, would have saved considerable control machinery, and its questionable results, would have reduced the need for imported foreign labor in many areas, would have done much to help food rationing and minimize the attendant black markets and, finally, would have made the production job of agriculture much easier than it was.

I thank you.

Mr. ABERNETHY. Mr. Meeker, you have made one of the finest statements I ever heard. Mr. Heimburger, do you have questions now?

Mr. HEIMBURGER. I have just one or two questions.

The Office of Civilian Supply, which you referred to in your statement as handling the requirements for agricultural machinery after the Department of Agriculture or the proper agricultural agency had determined them, was in the Office of the Production Management, was it not?

Mr. MEEKER. Originally, it was in the Office of Production Management.

Mr. HEIMBURGER. Then it was the War Production Board?

Mr. MEEKER. It was the Office of Production Management, then for a brief period there was a group called the Supply Priorities and Allocations Board and that evolved then into the War Production Board which was the longest-lived agency. The Office of Civilian Supply, if I recall correctly, started in the old Office of Production Management and then was continued into the War Production Board and was part of the War Production Board.

Mr. HEIMBURGER. When you made your recommendations to them for the 1943 production of farm machinery, there was a detailed list in which you did not deal in generalities, but listed each specific type of machine and what you thought the production on it ought to be in 1943; then when the Office of Civilian Supply cut that down the cuts were by individual items—some were cut 50 percent, some 20 percent, some were cut 100 percent and a few, as I remember, were not cut at all; how did they decide how to make those cuts? Let me say it this way: Did they make the decision on what items to cut, or did they make an over-all cut and refer it back to the Department of Agriculture and say, "Now, here is all you will get, 23 percent. You spread it around the way you would like for it to go"?

Mr. MEEKER. No; as I recall, they made the determinations themselves.

Mr. HEIMBURGER. I think they did, too.

Mr. MEEKER. This was done by means of a formula that they worked out without any particular reference to anything except history, that is, the production over a long period of time. The Department recommendations were based on field surveys done by the State and county war boards and by the State agricultural colleges.

Mr. HEIMBURGER. In other words, they superimposed their own agricultural knowledge over that of the Department and said that, "In addition to being informed about the general production picture we know more about the needs of agriculture than you do. So we will cut this item this much, that item that much, and so on"?

Mr. MEEKER. I think that is a fair statement, although if I recall correctly we eventually wound up by refiguring some of the requirements on the basis of the very small amount of steel allocated.

Mr. HEIMBURGER. During all of that period, is it not true that farm machinery was considered through this Office of Civilian Supply which had the responsibility of dividing up among consumer-goods producers what materials were left after the essential industries got theirs? Farm machinery was considered right along with bicycles, automobiles, washing machines, and other consumer goods by the OCS?

Mr. MEEKER. That is definitely true.

Mr. HEIMBURGER. In distinction to the consideration that was given to what was regarded as essential military production?

Mr. MEEKER. I think that is a true statement.

Mr. HEIMBURGER. The Department of Agriculture referred in its statement to the desirability of allocations or a controlled-materials plan. From your experience in World War II do you not think it is true that an allocation program in itself is not going to help farm machinery any unless, one, the farm machinery gets a large enough

allocation and, two, it gets priorities that are high enough to permit it to get the materials it needs to meet its quota?

Mr. MEEKER. We found out during World War II that allocations did not mean anything if you could not get materials to build the equipment, so that the means of getting materials and components to the manufacturers is as important as the authority to produce the needed machinery.

Mr. HEIMBURGER. I think you made the statement that you felt the 3 percent of the steel which was needed to produce all of the farm machinery that should have been manufactured could have been taken from the total requirement, even in a hot war without hurting the military requirements?

Mr. MEEKER. Well, I did not make it quite that way. At the time of World War II our steel production was almost 100,000,000 tons a year. The relatively small slice of about 3 percent would have enabled the production of quite liberal supplies of farm machinery. I pointed out in my statement that this would have solved a lot of problems and avoided a lot of difficulties that we got into. What the exact percentage relationship is today I do not know.

We have about doubled the number of tractors we have on farms since 1942, so that requirements to handle obsolescence and wear out and repairs are much larger than they were, I mean, the percentage may have changed.

Mr. ABERNETHY. Mr. Meeker, to what extent is the industry right now feeling the pinch, to what degree?

Mr. MEEKER. I understand that the representatives of the Farm Equipment Institute will be here tomorrow and they are better qualified to answer that question, Mr. Chairman, than I am.

Mr. ABERNETHY. You would say, though, that the industry is considerably alarmed and anticipates a very serious situation in the immediate future?

Mr. MEEKER. The industry is feeling the pinch as far as steel shortages are concerned, and the major problem of the industry, I think, can be stated very simply.

Steel seems to have disappeared. We do not know what has become of it.

Manufacturers are finding it difficult, if not impossible, to get on mill schedules, to obtain steel from the mills at mill steel prices. Many manufacturers are able to get steel, not from the mills. So that the steel is there, that is, they can get it, but at a price.

Many manufacturers are in a vise, they are ground between the upper and the nether millstone, because retail prices are fixed, and wholesale prices are fixed, but their raw steel prices are not controlled and this may mean severe manufacturing.

And a small or medium sixed or a large manufacturer who has to sell at a loss, is doing a service to agriculture, all right, but he is not going to continue to be there to do it indefinitely.

Both the steel supply and this price situation constitute very serious difficulties at the present time.

Mr. ABERNETY. Is there any real evidence of black-marketing in steel at this time?

Mr. MEEKER. Let me answer that by saying that we wonder what has happened to the supplies of mill steel.

Mr. ABERNETHY. I think I understand you.

Mr. HOEVEN. Mr. Meeker, in the light of our past experience, do you not agree with me that it is highly essential that we have a representative of agriculture in the top echelon of the defense set-up immediately?

Mr. MEEKER. I think it would be a very desirable thing to accomplish; yes, sir.

Mr. ABERNETHY. Is there anything else, gentlemen?

We thank you very much.

Mr. MEEKER. Thank you.

Mr. ABERNETHY. We will recess until 1:30 o'clock this afternoon.

(Whereupon, at 12:10 p. m. the subcommittee recessed to reconvene at 1:30 p. m.)

AFTERNOON SESSION

(The committee reconvened at 1:30 p. m.)

Mr. ABERNETHY. The committee will be in order.

All right, Mr. Heimburger, you may call your first witness.

Mr. HEIMBURGER. Mr. Chairman, we have two witnesses, both of whom are representatives of the National Council of Farm Cooperatives, and also their own organizations.

The first is Mr. Dan Seltzer, general manager of the National Farm Machinery Co.

STATEMENT OF DAN SELTZER, GENERAL MANAGER, NATIONAL FARM MACHINERY COOPERATIVE, INC.

Mr. ABERNETY. You may proceed, Mr. Seltzer.

Mr. SELTZER. Mr. Chairman, my name is Dan Seltzer, and I am vice president and general manager of the National Farm Machinery Cooperative, Inc., with offices at Bellevue, Ohio, and Shelbyville, Ind.

Our product is distributed by small State organizations in about 26 of the States of the United States. Our organization is wholly owned and operated for the benefit of farmers, and there are over 1,000,000 farmers directly interested and connected with the National Farm Machinery Cooperative.

We manufacture a variety of farm machines, such as corn and cotton planters, grain drills, manure spreaders, disc harrows, garden tractors, spike tooth harrows, pulverizers, corn pickers, farm wagons, side delivery rakes, and we distribute almost a full line of farm machinery which is procured from outside sources, such as wheel tractors, combines, tractor plows, hay tools, and a variety of other machines.

Mr. ABERNETHY. Whom do you secure those from?

Mr. SELTZER. Mostly from the Cockshutt Plow Co. of Branford, Ontario, Canada.

Mr. ABERNETHY. Ontario, Canada.

Mr. SELTZER. Yes, sir. I have not prepared a formal statement that I wanted to read, because I understood that I was down in the list of witnesses and I want to discuss just two or three points very briefly, as I see them, from our own manufacturing problems.

I do happen to be a member of the advisory committee of the Farm Equipment Institute, due to the fact that I was president of the Farm Equipment Institute a number of years ago, and attend the meetings of the Farm Equipment Institute committee, though I am not speaking directly for them.

If agriculture is to produce 45 percent more than the pre-World War II level, it is going to be necessary to have greater production in farm machinery than we have had in the last 2 years.

In my opinion, there is now a shortage of several machines, such as corn and cotton planters. This is evidenced by the fact that we have received many inquiries from farm machine dealers and organizations that we do not represent. These inquiries come from the States of Mississippi, California, Ohio, Indiana, and Iowa.

The present volume of our machinery is limited to the amount of steel that we can secure, and we are not in a position to furnish any very large percent of our product to anyone other than our 12 members.

In the statements that were made this morning, reference was made to the immediate state of steel. I want to present some facts in reference to our own company.

We have already decreased the number of our employees by about 20 percent. During the month of April it will be necessary to reduce it another 10 percent, and if we don't receive more steel than we are getting now during the months of April, May, and June, we cannot operate our plants at 50 percent of their capacity.

Mr. ABERNETHY. How many people do you employ?

Mr. SELTZER. Normally 1,000. We have two plants, and our normal requirement is approximately 1,000.

Mr. ABERNETHY. What do your suppliers of steel have to say about it?

Mr. SELTZER. They give us very little encouragement that we are going to get anything for the balance of March and the early part of April.

Mr. ABERNETHY. What are the reasons assigned for cutting back steel? Of course, I could presume what they are, but I would just like for you to put them in the record.

Mr. SELTZER. The main reason that has been given to us is that they have more DO orders than they can take care of between now and July.

Mr. ABERNETHY. In other words, those are Federal directives?

Mr. SELTZER. That is right. I think it is unfortunate that the Farm Equipment Institute has not made an effort in the last several months to secure some recognition, whereby we might get an allocation of steel.

Let me give you an example: We are building or attempting to build about 3,000 grain drills. And that requires about 1,300 tons of steel. This steel has been on order for 3 or 4 months. Much of it was promised for shipment in March. So far we have not received any, and we were advised by one of the steel companies the other day that this steel would not be available until late June or early July, which means that we will not manufacture any grain drills for distribution for this fall seeding.

The same thing is true of fertilizer distributors, and unless we get the steel the latter part of this month and early March, we cannot come anywhere near meeting the seasonal requirements.

Inasmuch as the industry only requires about 3.8 percent of the finished steel product, and only about four-tenths of 1 percent of those gainfully employed, we are of the opinion that the farm machinery industry should have some immediate relief.

As I have previously stated, unless we get deliveries of steel in March and April, we will be curtailed 50 percent by the end of June.

Mr. ABERNETHY. What kind of inventory do you have now?

Mr. SELTZER. It is very small now, because we have been applying all of the inventory that we have to take care of current manufacturing programs.

Mr. ABERNETHY. Were you affiliated with this concern during World War II?

Mr. SELTZER. Yes, sir.

Mr. ABERNETHY. What did you experience during that period?

Mr. SELTZER. Early in World War II we were restricted, like everyone else, to about 20 to 23 percent of the product that we produced in 1940.

Our implement program was restricted accordingly.

Mr. ABERNETHY. When did you first begin to feel the strain of the present situation?

Mr. SELTZER. In November. We had many promises of steel for delivery in August, September, and October, that were not kept, and we began——

Mr. ABERNETHY. Did you lay off men as early as November?

Mr. SELTZER. We laid them off, and as we got steel we rehired those men, but that is quite out of the question now. For instance, if we lay off any of our experts in any department, they can pick up jobs anywhere, and we never get them again.

Mr. ABERNETHY. Yes, sir.

Mr. SELTZER. And I am quite certain that if we don't get relief in April that we will have to greatly curtail our operations in May or June.

It would seem to me that the importance of the agricultural department, in view of the fact that they say their level should be 45 percent above pre-World War II, that we get some immediate relief. We cannot supply anywhere near the requirements of our membership and, as I have previously said, there are shortages at the present time that that we cannot take care of.

I would like to request that we be given consideration on the amount of steel that we used during the years 1948 and 1949. Our requirements do not run much more than 8,000 tons a year, and so far this year we have been only able to order about 900 tons, and it would seem advisable if we are to come anywhere near furnishing the amount of farm machinery necessary to produce the agricultural production, that the Department of Agriculture has asked for, that we should have immediate relief.

I think that is all.

Mr. ABERNETHY. May I ask you one question?

Are you considerably behind now on filling orders of your customers for farm machinery?

Mr. SELTZER. We are very much behind. The main product in our plant is corn and cotton planters, and we would not finish the manufacture of them before early in April. We have not started on spring tooth harrows and spike-tooth harrows, pulverizers, and all of those machines are used before planters, and we seriously doubt whether we will get out any of those machines in time for use this spring.

Mr. ABERNETHY. Do you have any questions, gentlemen? Do you have anything further, Mr. Heimburger?

Mr. HEIMBURGER. Yes; I have a few questions.

Mr. ABERNETHY. Go ahead.

Mr. HEIMBURGER. Do you get your steel direct from the steel mills, or do you buy it from the warehouses of wholesalers?

Mr. SELTZER. It is all from the steel mills, except small items, where the quantity is not sufficient to place a mill order.

Mr. HEIMBURGER. So it is the mills themselves that have not been able to deliver in your case?

Mr. SELTZER. That is right.

Mr. HEIMBURGER. How about your Canadian manufacturer which supplies certain of your equipment? Has he been able to get steel?

Mr. SELTZER. No; they have been curtailed about the same proportion we are. We were notified recently that our quota of tractors would be cut 25 percent.

Mr. HEIMBURGER. Do they get their steel from the United States?

Mr. SELTZER. A great deal of it, and they get a lot of component parts. The Timken Axle furnishes the transmissions and axles, and they have already cut their production 25 percent, with a possible increase of 10 percent further reduction.

Mr. HEIMBURGER. So far as you can see, about 25 percent of the steel that you used to get has now gone into some other kind of activity, is that correct?

Mr. SELTZER. That is right.

Mr. HEIMBURGER. That is all.

Mr. ABERNETHY. I thank you very much.

You may call your next witness, Mr. Heimburger.

Mr. HEIMBURGER. I will call Mr. Billings, who is also from the National Council of Farm Cooperatives. Mr. Truman W. Billings.

Mr. ABERNETHY. You may proceed, Mr. Billings.

STATEMENT OF TRUMAN W. BILLINGS, SUPERVISOR OF PURCHASING, COOPERATIVE G. L. F. FARM SUPPLIES, INC., ITHACA, N. Y

Mr. BILLINGS. Mr. Chairman, my name is Truman W. Billings. I am supervisor of purchasing for the Cooperative G. L. F. Farm Supplies, Inc., of Ithaca, N. Y. I am appearing before you as a representative of the national committee for Farm Production Supplies, of which G. L. F. is a member.

It is the belief of this committee that general farm supplies carry an importance in the over-all farm production picture which is not generally recognized outside of agricultural circles.

The farmers of America, many of whom are veterans of the last two wars, realize that food is one of the most important materials required by this Nation.

They know that increased production will be necessary.

They are ready to do everything possible for the protection of this country.

But they are worried and want to know if necessary farm equipment essential for the production of food and fiber will be available in quantities sufficient for maintenance of equipment at high production levels, or will there be endless applications to make, forms to be filled out, unnecessary waste of time, travel, and endless red tape to get supplies? Will they be available when needed or will they arrive too late?

Mistakes which we saw made in the First and Second War prompt us to call to your attention things which should be done now to assure this country of an adequate food supply through this emergency.

I have a chart here, if you will bring that up, please, I have a chart here showing the national production of steel which is now running roughly 100,000,000 tons a year. From this pipeline of production it is necessary that we set aside the requirements of steel for farm production supplies to support the Nation's agriculture. Please note the valve on the small pipeline to the farm needs. The partial closing of this valve by thoughtless Government regulations could have a big effect upon the Nation's agricultural production over any period of time.

At the beginning of the last war we forgot this small pipeline. As a result the flow of farm supplies was cut down to where we had a serious shortage of equipment and repair parts. Because of this shortage of production supplies, many farmers of the Nation were unable to keep up with the need for production. As a result we had a long line of housewives standing in front of food stores with their ration books.

Neither farms nor city consumers want that repeated and it need not happen again if we act now to assure farmers of the same amount of steel for agriculture that they used in 1949. We must have this amount of farm production supplies in order to keep the big pipeline working to meet food requirements.

We would like to call your attention to the following fig res. The amount of steel used in 1950 for the manufacturing of new farm machinery such as tractors, and other heavy tools, repair parts, barn equipment, water systems, poultry equipment, and all production of the 2,000 items used on farms was only 3.8 percent of the total finished steel production of this country. This represents the bulk, but not all of the essential farm production supplies necessary to the Nation's agriculture.

Wire goods, including barbed wire, field fencing, grape and vegetable wire, bale ties, nails and staples, galvanized pipe and fittings, container nails, nails for repair, corn cribs, metal roofing, miscellaneous small tools, and hundreds of other small items which are necessary represent another 1 percent which must come through this pipeline.

Farmers require 90,000 tons of pipe per year or less than one-tenth of 1 percent of steel production. This averages one 21-foot length of 1-inch pipe per farm per year and farmers must have this amount in order to maintain their water supply.

I would like to point out that pipe is critically short today in rural areas. Present methods of distribution are mostly through large distributors in the metropolitan areas. The demand in these immediate territories now takes the entire pipe production, therefore, very little of it gets out into the farming areas. Farmers had started to substitute plastic pipe and now the supply of that is drying up due to the shortage of polyethylene.

Another very serious shortage facing farmers is barbed wire and woven wire field fencing. While the production records for this year will compare favorably with the 1949 production, the demand for fence varies from year to year and depends on several uncontrollable conditions.

The farmers in the New England States and the Northeast are just coming out of a very severe winter. The farmers in the Northwest from Minnesota through the Dakotas have just seen a new world's record set on snowfall for any one winter. This means that the fence damage from snowload has been very heavy and an unusually large amount is required this spring for repairs alone.

The farmers on the west coast find themselves in trouble because it has been necessary to put most of the steel production in that area into defence work on DO orders.

Another unusual demand during the last 3 years has come from Florida and Georgia where they are developing the cattle business. The State laws requiring fencing of ranges has put an unusual demand on manufacturers for thousands of miles of fencing.

To add further to this picture many of the farmers in Maine have diversified their farming of potatoes to include livestock farming. Because this is a change in the type of agriculture, they need fence, but they have no 1949 base on which to order it.

Another serious shortage we have is metal roofing for buildings, but farmers are now used to that one because the supply has never caught up with demand since the last war.

I spoke of mistakes which had been made in the other war and I will point out two or three of them. The first one was when somebody thought they could save steel by cutting down on steel used for bale ties and for every 10 tons of steel that was saved we saw 25,000 tons of hay which was badly needed left unbaled.

The next one is pitchforks, and I brought my illustration with me, so that I can show it to you. Someone thought they could save steel by going back and ordering the old fashion narrow-tined fork, such as the one I hold here in my left hand, instead of the standard wide tine pitchfork, which I hold in my right hand, which has been used for the last several years. This narrow-tined fork is not adapted to the handling of legume grasses now being grown in the Northeast. The saving in steel was one and one-half ounces per work, or a saving of one ton of steel for every 22,000 forks produced, and every time we used the forks we had 22,000 farmers damned off the map.

I intended to bring another cotton hoe with me, and I couldn't buy one.

Someone made a ruling that we should cut off one-half inch off the whole, and they cut it back to 6 inches, and if you fellows have had experience in hiring labor, you know that they make about so many strokes per hour, regardless of the size of the hoe. Therefore they cut down our efficiency of labor 25 percent, or we had to hire other help which we could not get, and we saved an ounce and something of steel per hoe.

I would like to refer back to the pipeline for just one moment. Before you begin to turn the valve down and curtail supplies it is our recommendation that careful screening, by men who know agriculture, should take place on farm production items. It may be necessary in order to assure the production of food, that agriculture should be given a rating which would assure them of the necessary supplies with other competing essential industries; and that directives, if necessary, be made to be sure that suppliers produce the necessary material.

No country can fiight or produce war materials unless it is well fed. Food may even be important in building friends. Farmers are willing

and can produce this food. All they ask is that they are not prevented from doing so by unnecessary shortages or unworkable regulations and endless red tape.

Thank you.

Mr. ABERNETHY. Thank you, Mr. Billings.

Mr. Heimburger, do you have any questions?

Mr. HEIMBURGER. Yes, sir.

Mr. ABERNETHY. You may proceed.

Mr. HEIMBURGER. Mr. Billings, the cooperative you represent is a buying and selling cooperative?

Mr. BILLINGS. Farm supplies.

Mr. HEIMBURGER. You don't manufacture?

Mr. BILLINGS. No, sir.

Mr. HEIMBURGER. Are you having difficulty now in getting some of the items your farmers want?

Mr. BILLINGS. We certainly are.

Mr. HEIMBURGER. These that you mention, I suppose, plus others?

Mr. BILLINGS. Yes.

Mr. HEIMBURGER. What are the tightest right now?

Mr. BILLINGS. Products made from sheet metal, tanks, stock tanks, and that type of poultry equipment, wire goods are very short, as I said, due to the increased demand this year that we run into for repairing fencing. Nails are nonexistent, unless you buy foreign ones.

Mr. HEIMBURGER. What do your suppliers say about that?

Mr. BILLINGS. They have done the very best job I think possible under the present DO orders of cutting back on their supplies which they can make available.

Mr. HEIMBURGER. Were you in this business during World War II?

Mr. BILLINGS. This is my third war, too damn many.

Mr. HEIMBURGER. Do you have a feeling that some of these difficulties about which you have complained, and which the committee knows exist, would be corrected if agricultural production were recognized as an essential defense industry, along with other types of essential industry?

Mr. BILLINGS. I would like to speak for the farmers of the country that I represent and say, yes, we do.

Mr. HEIMBURGER. You know, of course, that has not been done thus far either this time or in World War II.

Mr. BILLINGS. We realize it.

Mr. HEIMBURGER. That is all.

Mr. ABERNETHY. Any further questions?

Thank you very much, sir.

You may call your next witness, Mr. Heimburger.

Mr. HEIMBURGER. I will call Dr. Sanders. Dr. Sanders is here, and the committee would like to hear from you now, sir.

The CHAIRMAN. All right, Dr. Sanders.

STATEMENT OF DR. J. T. SANDERS, LEGISLATIVE COUNSEL, THE NATIONAL GRANGE

Dr. SANDERS. Before reading my statement, Mr. Chairman, I would like to say that in the early part of World War II I joined the War Production Board. I was in the Farm Machinery Branch, and I was later transferred by Executive order from the Branch to the War

Food Administration, where I served under Mr. Meeker who has just testified.

I can verify all of the statements that were made here by all of the witnesses on the foolish things that were done in the early part of the war, and so far as that is concerned, in the latter part of the war.

I was quite well convinced at that time that the failure to give farmers adequate machinery and equipment and supplies was a very serious thing to do, and I am quite well convinced now that had we supplied them with adequate machinery and supplies early in the war that we would have reduced our rationing problems and our food worries to a great extent, and would have saved a tremendous lot of labor and effort on the part of, especially the women of America, trying to get their food by standing in long lines when there was absolutely no reason for it, except the foolish attitude that we had in the early part of the war.

The greatest agricultural revolution in the history of the world took place in the last decade in our country. Since World War II started we have increased our production per man 56 percent—more than we did the three preceding decades. We greatly increased yields per acre—around 20 percent—even after discounting ideal growing weather, and we greatly increased output per head of livestock, by around 25 percent. At no time in history was there such a remarkable improvement in agricultural production in this country or elsewhere in the world. What brought this remarkable record about? During the last decade we doubled the total amount of machinery on farms, greatly expanded our use of fertilizers, made extensive improvements in insecticides and expanded their use, and greatly expanded our use of improved methods and techniques—notably use of hybrid corn. Our productivity per man-hour of labor in agriculture has reached now the astounding proportion of being from 10 to 30 times as great, for the different farm products, as the productivity of Russian farmers.

These facts should teach us to spare no pains to maintain this superior position. It is a most important factor of superiority which we have over communistic countries.

This increase in agricultural production which resulted in a rate of increase of productivity per hour of work during the war decade that was more than three times as great as occurred during the three interwar decades was in reality largely the result of wartime stimuli.

The great added stimulus to increase efficiency in agriculture during war arises out of three factors: (1) very tight labor supplies, (2) great patriotic urge to produce more food, (3) and relatively higher prices for farm products. Farmers meet these wartime challenges by (1) working longer hours, (2) making greater use or application of accumulated knowledge and science in production, (3) and by greater use of power, labor-saving devices and machinery, fertilizers, and insecticides.

These marked wartime upsurges in farm efficiency and productivity are a permanent benefit to all consumers in the land, since the added productivity per acre and per man-hour tend to remain as a permanent characteristic of our farm economy; we do not lose the gains in wartime efficiency when peace comes for productivity now stands at around 10 percent more than it did in 1946.

Today, as a result of the defense crisis, we are faced with the same challenge to greater productivity per hour and with the great opportunity to improve both our ability to produce more food and the consumption habits and potentials of American consumers as we were at the outbreak of World War II. We have the great challenge of tight labor supplies that are certain to get far tighter than in World War II, and we have fully as great patriotic motives for food production. The stage, therefore, seems to be set for another considerable expansion in food effort if machinery and other needed supplies are furnished liberally to farmers.

But there is a popular belief that we are certain of all the food we need. There is no such certainty, as will be seen from a few facts. We have 20 percent more people; each will be eating around 20 percent more food than we ate before the war, and we now have around 22 percent less workers on farms to produce this added food which must be produced on the same acres of crop as we used prewar.

In fact, we shall need 75 percent greater production per farm worker than we had prewar if we are to meet these food requirements. In 1950 we produced around 56 percent more per hour of work than prewar. So it is evident we need more productivity than we have now to maintain our World War II per capita consumption.

During the last decade we had much above the average growing weather. What would occur to our food supplies if we had a series of drought years as in the year 1930? Such years in the near future are probable, for we cannot always have above-average growing weather.

It is estimated that about one-fourth of the total increase of farm output of about 30 percent during the decade was due to weather that was above the average, or about 7 to 8 points of the 30 percent. Weather as much below average as we have had above average could easily reduce total output to 15 points or to around 115 percent of prewar. This would cut our present per capita consumption beack below what it was prewar, and food prices surely soar far above present levels.

Last year around 2 percent of our food production went to the armed services; during World War II this reached a high point of 13.2 percent of production. Also export during the war to our allies greatly expanded, from 2.5 percent prewar to 7.6 percent at the peak. These two war-caused demands on food supplies combined rose from 2.5 percent total prewar to 20.8 percent of our supply at the peak. This is not a total net drain on food supplies as the armed forces are expanded from civilian consumers, but the net increase could safely be assumed to be by as much as 12 percent. Such an increased draft on food supplies in the face of a 12 to 15 percent depletion on supplies from drought could bring us face to face with the first real national hunger period we have ever known as a nation. The resultant price rises, barring unprecedented rationing, could make present high-food-price complaints mild indeed.

One way to insure ourselves partially against such a food misfortune is to provide farmers with ample machinery and fuel for power machines to provide adequate land preparation, cultivation, harvesting, and at the best time. These insure not only greater moisture conservation and use by plants but greater saving of all products when they are ripe for the harvest.

The labor-saving role of power machines also insures greater production of food. It is well known that agriculture suffers more in labor-shortage periods than industry. Both the generally lower level of farm wages and the high seasonality of farm labor cause this loss of labor by farmers. Agricultural employment normally drops from a peak of 15,000,000 in the summer and fall to around half that many in the winter. During the low-employment season especially. Steady employment and higher wages serve as powerful magnets to draw off farm labor under wartime labor demand.

Thus labor-saving machinery in reality becomes a labor stretching means at a time of greatly increased demand for farm workers. In this manner machinery is a production insurance factor of great significance.

Unless allocation authorities fully understand the basic needs and risks in the present food situation, they can make a great mistake of assuming that with twice as much machinery on our farms as we had 10 years ago we can safely "coast" through the present crisis on what we have.

Mr. ABERNETHY. I am very sorry, Dr. Sanders, but we find it necessary to go into executive session for a short time. We will ask you gentlemen to please retire for a moment or so.

(Brief recess.)

Mr. ABERNETHY. All right, gentlemen. You may proceed, Dr. Sanders.

Dr. SANDERS. Mr. Chairman, I am sorry that I did not have time to mimeograph this statement.

Mr. ABERNETHY. That is all right, sir. You may proceed.

Dr. SANDERS. For continuity, I will go back a bit. Unless allocation authorities fully understand the basic needs and risks in the present food situation, they can make a great mistake of assuming that with twice as much machinery on our farms as we had 10 years ago we can safely coast through the present crisis on what we have. This would indeed be a grave error that could bring one of the worst of handicaps to defense or war efforts.

Under the conditions described, as we believe accurately, no farmer should be deprived of a labor-saving machine which is really needed to enable him to economically maintain or increase food output. No machine already owned under similar conditions should be idle for want of repairs.

And right along that line, I would like to state parenthetically, that it is quite well known, that as one of the gentlemen, I believe Mr. Meeker, said this morning, a repair part that weighs an ounce or two can prevent a ton of material from operating sometimes. It is of profound significance to have adequate repair parts—even more than enough parts.

This holds true to a far more critical extent now than was the case in World War II. Then we had at the beginning many unemployed; now there is no labor slack and farm labor supplies will consequently be far less. During World War II we had unprecedently good growing weather; we have no such assurance now. Indeed, past cyclical tendencies would indicate we can reasonably expect a series of dry years. Then, we had substantial surpluses of products on hand compared with the present. Although we now have only the same crop land we had then, we in reality have at least a 20 percent greater

over-all demand for food than we had during World War II and from 60 to 70 percent greater demand than pre-war.

To meet these tighter and larger requirements today, we have greatly improved methods, practices, and machinery supplies. We should do nothing to weaken this improved situation of supply for we believe that this would be done with the greatest of risk. We are certain that abundant food supplies cannot be taken for granted but that we must carefully protect ourselves against shortages by liberal and unreduced supplies of machinery, repair parts, fuel, fertilizers, insecticides, and other supplies.

Before closing, I would like to call attention to the situation prevailing on machines used for saving labor used in producing livestock products and in miscellaneous farm maintenance tasks. A grand total of 20.6 billion hours of farm labor was required annually for 1940–44 and 19.8 billion for the period 1945–48. Of this total for the latter period, 9.8 billion or slightly less than half was used on livestock and general farm maintenance work and 10 billion for crops.

Labor-saving machinery for crop production is much further advanced and much better established on American farms than is the case of labor-saving machines for livestock production and general maintenance work, yet the livestock and miscellaneous farm work offers in general fully as great opportunities to introduce labor-saving machines as does crop production.

Labor-saving machines and equipment in livestock production and general farm maintenance in reality are largely associated with rural electrification. We attained extensive rural electrification just prior to World War II, and did not have ample supplies of electrical machines until after the war. In the few intervening years, we have not mechanized these parts of the farm economy near as much as has been accomplished over a far longer period for crop production.

Despite this late start in the field of miscellaneous mechanization of farm work, great strides are being made. For example, the increased productivity per hour of labor for all livestock work was 21 percent from 1940 to 1948; for dairy cows 25 percent; and for poultry 24 percent compared with 30 percent over-all increase for all crops.

Given a few more years of liberal supplies of machines much further labor savings can be made in this field that now constitutes only slightly less than half of all the required farm labor. Chores and work on livestock can be greatly lightened with motor-driven machines, electric lights and heat.

Thus we find that more than half of all the labor required to carry on the production of American farms is not done on major field crops, but is such labor as taking care of livestock, feeding, pumping water, cleaning, packing, and preparing products for marketing, handling manure, spraying, grinding, digging, mixing concrete and feed, cleaning out barns and hen houses, cutting and sawing wood, painting, and a thousand and one other farm jobs.

Peculiarly enough nearly all of these tasks, constituting more than half of all farm work, lend themselves to the application of electric power, light, and heat, in such ways as to greatly reduce the total amount of labor required per unit of product and to increase the quality and amount of farm products. For example, by supplying 34 poultry farms with electricity and modern equipment, a 35 percent saving of labor was made the first year and total products were

increased 15 percent. A quarter-horsepower motor on a water pump will do the work of a man on a pump handle at the insignificant cost of 3½ cents per hour. What an absurdity for a man, woman, or child in rural America to pump water at a wage of 3½ cents an hour. Yet millions do so.

It was estimated that an investment of each dollar in 1943 and 1944 in field power and field equipment would save a half hour of labor each year; whereas for each dollar invested in improved equipment to do the work with livestock and the work on miscellaneous other farm jobs, farmers would be able to save over 3 hours. This saving of labor is almost six times as much per dollar of equipment as the average dollar put in field equipment. Yet the greatest saving is in the field where use of electricity is peculiarly applicable.

The economics and saving resulting from mechanization of this 50 percent of miscellaneous farm jobs, within the next decade or so, undoubtedly will aggregate a greater saving of labor than has the mechanization of field-crop jobs during the past two decades. It would be a profound mistake to retard the greatly needed increase of electric energy to farmers or to unduly increase the cost of this great boon to them.

Mr. ABERNETHY. Mr. Heimburger, do you have any questions?

Mr. HEIMBURGER. Yes, Dr. Sanders, there is one aspect of the use of farm machinery which you touched upon, but which, from recently reviewing some of the decisions and formulas and evolutions that our defense people went through in World War II, I believe they rather completely failed to understand, and that is the value of farm machinery in overcoming the effect of adverse weather.

Would you like to emphasize that point just for a minute?

You know much more about that than I do.

Dr. SANDERS. Yes, I would.

The farm-management people are so enthusiastic about that, that they feel that the mere fact that we have been able to plant corn at the proper time during the last 6 or 7 years is a very, very vital part in the greatly increased yield of corn per acre.

Mr. HEIMBURGER. And there was a year, wasn't there, just about 1948 when we would not have gotten the corn in, except for the large number of tractors and motorized equipment, because we had a late spring with wet weather, and if we had been forced to depend on horses much of the corn that was planted and eventually grew to good maturity would never have gone into the ground?

Dr. SANDERS. Of course, the same thing holds true for harrowing, for cultivating, for plowing, planting, and harvesting; and undoubtedly labor-saving machinery has a very, very vital part in increasing the productivity per acre in this country, because it conserves moisture, it conserves the crops once they are produced. It gives us those crops once they are produced.

Mr. HEIMBURGER. I noticed your emphasis on the labor saving that could be accomplished by mechanizing some of the part-time operations. Did you mean to imply by that, that we have just about reached the tapering-off point in the big farm operations?

Dr. SANDERS. No, not at all. I think we have great savings yet ahead of us. But what I did try to emphasize is that in the field of miscellaneous operations there are really greater proportional

savings of labor than there has been in a good many of the field operations.

For example, the example I gave you about a man on the pump handle, compared with an electric pump. A man is worth just about 3½ cents an hour compared with the cost of electricity and the pump and the pipe.

Well, now, you can just figure it out, if you want to, how many men you save by electrifying your water system, how much labor you can save. It is tremendous in some of these things.

Not only that but, for example, the question of lights in a barn, the installation of lights in a barn has saved a great deal of labor in chores. I mean the actual time that it takes to do the chores is greatly shortened as a result of lighting barns and hen houses and other places around the farm.

Mr. HEIMBURGER. And it has also permitted the farmer to work longer in the field when he had to?

Dr. SANDER. I don't know. Most of them have used a lantern to do their chores with, when they had to do long hours of work.

That is another thing; I think farmers are more than glad to work long hours when there is shortage of labor, without any time and a half for overtime for their work, as you find the labor people demanding.

Mr. HOEVEN. Dr. Sanders, our farmers are already working long hours. In the Midwest, farmers are doing a lot of their farm work during the evening hours and are using searchlights on tractors and other pieces of machinery and working late into the night.

Dr. SANDERS. During the other war, Mr. Hoeven, they increased their hours of labor about 15 percent over prewar, and then immediately after the war they cut them back somewhat, and I presume, as you say, that they are now moving them up again as the shortage of labor occurs, because if a man owns a farm, and he has a job to do, and it ought to be done immediately, he is going to work long hours to do it, because he is working for himself.

Mr. ABERNETHY. Do you have any other questions, Mr. Heimburger?

Mr. HEIMBURGER. I had just one more question.

Mr. ABERNETHY. Proceed.

Mr. HEIMBURGER. Dr. Sanders, you have been here in Washington representing the Grange, and I know that you have participated in some of the conferences that have been held with the heads of defense agencies, and I would like to ask you, is it your opinion that these agencies do now attach to agriculture the importance that we believe it holds in the economy and for the welfare of the country?

Dr. SANDERS. No, I don't. I think that practically nothing has been done up to this date that is constructive and positive.

Mr. HEIMBURGER. Do you think it is because they don't realize the importance of farm machinery to agriculture, or that they do not recognize the importance of agricultural production itself?

Dr. SANDERS. Well, I think it is a combination of both.

Mr. HEIMBURGER. But you are satisfied that they have not accorded to agriculture the place that you believe it should have in the framework of things?

Dr. SANDER. We certainly are definitely convinced that there has not been enough facts brought out concerning the great importance

that food production is to a defense or wartime effort. I doubt whether during this coming struggle there is much of any kind of production that is much more important for the defense purposes than maintaining our food supplies because, as I said in this paper, if we had a series of dry years, and if we had a cut-back in our machinery similar to the cut-back we had the first 3 years of the other conflict, we could easily go hungry. I am quite sure we could easily go hungry if we had some drought years like we had in 1930. As to food prices, there is no telling where they would go to, and there would be rationing. We would have to have the most serious sort of rationing to take care of that sort of situation.

Mr. HOEVEN. Then it does not look to you as if we will benefit very much by the unsatisfactory experiences of World War II?

Dr. SANDERS. Yes; I believe so, if you people will just do what you are doing here, and bring it to the attention of the public, bring the importance of this question to the public. It must be brought to the public's attention and it must be emphasized with the responsible officials that are dealing with this matter.

Mr. HOEVEN. Well, of course, it is not entirely the responsibility of this committee. We will do our part. You represent a great farm group. What is the Grange doing about it?

Dr. SANDERS. We will be glad to join you. We are glad that you started this, and we certainly maybe have not done our part, maybe we all have not done our part.

Mr. HOEVEN. I was hoping that we could benefit by the experience of World War II, but up to this moment I don't see much evidence of it.

Dr. SANDERS. I think that Dave Meeker's statement this morning ought to be given the widest sort of publicity right at this time, because it looks like we are starting out the same way we did during the last war. I recall the days when we were fighting with civilian supplies over the importance of supplies for production of farm machinery, and it seemed to us like the fellows that had charge of estimating requirements just simply did not know agriculture at all. They did not realize what they were doing.

The actual responsibility for estimating that should have rested with the Department of Agriculture, where they knew what they were doing, whereas it was put over in a part of the War Production Board, and they could overrule everybody, including the Farm Machinery Branch in the War Production Board. We fought just about as hard inside the Farm Machinery Branch for greater allocations of steel as Dave Meeker's outfit did over in War Food, but still the combined pressure did not get adequate consideration of the needs of agriculture.

Mr. ABERNETHY. Dr. Sanders, Mr. Hoeven touched on something that I think is very important from your position and from the position of representatives of other farm organizations.

A few days ago there was a man connected with the fertilizer industry in my office. He had been called into Washington to advise with some of the people in the defense agencies about the plant-food situation.

He said, "They look at us out of the corner of one eye as though we have an ax to grind." And he said, "In reality we do have." He

said, "While we make out our case of what agriculture has needs to meet the situation, at the same time and incidentally we are making out a case for ourselves to continue our business in a reasonably normal manner. They look at us and realizing that they naturally feel that we, as representatives of the fertilizer industry, have an ax to grind."

Now, they probably have that same feeling about people connected with the farm-implement industry. But now you, as a representative of the Grange, and the Grange being a direct representative of the farmers, and the gentlemen who represent the Bureau and the Farmers Union and other farm organizations, don't necessarily have any ax to grind.

That being true, and I don't want to embarrass you, what has the Grange done so far, recognizing this farm-machinery situation, other than sending this statement to this committee today?

Dr. SANDERS. Well, the Grange has had a representative on Mr. Symington's advisory committee. Mr. Paul Taber is a member of a committee which the four farm organizations have set up to keep constant watch on the supplies and equipment. Farm organizations are possibly not as powerful as labor organizations are in the defense set-up, or at least labor organizations think they are more powerful than other organizations.

Mr. ABERNETHY. They are rather potent.

Dr. SANDERS. Yes. I am not making any excuse for the farm organizations, but they organized this committee. Mr. Taber, what time was it that it was organized?

Mr. TABER. Late last summer.

Mr. ABERNETHY. Anyhow, you get the point I make, I think it is very important that the Bureau and the others who are direct representatives of agriculture, with nothing to put on the market but agricultural products—you are not representatives of the machinery people, or of manufacturers, but you are direct representatives of the farmers. Therefore, they know that your only interest in this thing is not from the standpoint of manufacturing implements to sell to farmers but to produce food.

Therefore, I do think it is important that you people stay on the front door of those officers just as regularly as you can.

Dr. SANDERS. We certainly feel just exactly like you do. We will be glad to do it, and I will say this much, that we were delighted when we were called up and told that the committee was having these hearings. We believe that this committee, and Congressmen also, have a position about like ours, that you yourselves do not have any ax to grind, you are certainly interested because you have farmers who are pressing you for supplies, just like we have farmers that are pressing us to get something done as quickly as possible. I think by joining hands with the committee, with the Congress, and by putting up a united pressure, I think we can do something, and I am quite sure we should do it as soon as possible.

I think we have a great responsibility to bring this subject before the people, and I know of no better way to bring it before the people than through public hearings of this kind.

Mr. HOEVEN. We all know the problem, we all agree that time is of the essence. We are confronted with a growing season, and har-

vest season which are only a few weeks away. As yet we have not met the problem, and I don't know how we are going to meet it in the intervening time.

Dr. SANDERS. Yes, Mr. Hoeven; and that is not the whole seriousness of that situation. Mr. Meeker brought that out admirably. Once you drop those production lines and disband them, it is nearly impossible to get them back without a great deal more waste of time. The fact of the matter is that you just cannot get the labor force back.

Mr. HOEVEN. I agree with you 100 percent. We have to be realistic.

Dr. SANDERS. We are facing the same mistake exactly that we made the last war, and we certainly should not make these mistakes this time, because I believe our food situation is more critical, and could become very much more critical, especially due to the fact that we had such admirable growing weather, that we cannot safely bank upon this time.

Mr. HOEVEN. What are we going to do at this late date?

Dr. SANDERS. Well sir, I don't know anything except to get to the powers that are allocating the steel and insist that they must allocate enough steel to keep farm machinery production going, and insist that supplies must be maintained for fertilizers, insecticides, barbed wire, and all of the other things that are needed so badly to maintain farm production.

Mr. HOEVEN. I am sure our farm organizations are going to help us get that job done?

Dr. SANDERS. We certainly will in any way we can. We will be more than glad to do it, because we believe this is a very important thing.

Mr. ABERNETHY. Thank you, Dr. Sanders.

Will you call your next witness, Mr. Heimburger?

Mr. HEIMBURGER. The next witness, Mr. Chairman, is Mr. Matt Triggs, assistant director, Washington Office, American Farm Bureau Federation.

STATEMENT OF MATT TRIGGS, ASSISTANT DIRECTOR, WASHINGTON OFFICE, AMERICAN FARM BUREAU FEDERATION

Mr. ABERNETHY. All right, Mr. Triggs.

Mr. TRIGGS. Thank you, Mr. Chairman.

Mr. ABERNETHY. We are glad to have you back with our committee.

Mr. TRIGGS. Thank you. It is difficult to make any adequate assessment of the farm machinery and spare-parts situation due to a lack of statistical information on current developments.

Nevertheless, informal reports from numerous sources indicate a general slowing down of farm machinery and parts production.

And that was certainly brought out by the testimony of Mr. McCormick and Mr. Meeker this morning.

This is due to the fact that, although an increasing percentage of American industry is being given a priority rating for use in the purchase of necessary materials and supplies, no priority rating has been provided to aid producers of farm machinery to obtain their needs of materials and supplies.

It appears to us that there is a too general tendency on the part of too many officials in government agencies to take farm production more or less for granted. This is illustrated by the issuance of NPA Regulation 4, which provides a means whereby any business may establish for itself, within certain limitations, a DO rating for any materials or supplies that are needed for repairs, maintenance, or operations. This order does not, however, provide a means for obtaining DO priority ratings for parts needed in the maintenance and operation of farm machinery. The significance of the omission of farm machinery from the order is that as DO ratings are extended back to the manufacturer, a priority is automatically established affecting the production schedules of the manufacturer. Thus, as manufacturers receive more and more DO rated orders, they must necessarily cut back the production of all nonrated items, including the production of farm machinery and of farm machinery repair and maintenance parts.

As this committee well knows, total farm employment is running at dangerously low levels, from one-half to 1 million below the levels of a year ago, and substantially below the lowest figures of World War II. The proposed program to increase the supply of farm labor from offshore and foreign sources will improve the situation, but by no means offset the extremely heavy losses of manpower from agriculture to the armed services and to industry and commerce.

It is obvious, therefore, that if agricultural production is to reach the level recommended by the Department of Agriculture for 1951, or if agricultural production is to be even maintained, that production per man in agriculture must be materially increased.

The most effective means by which production per man in agriculture may be increased are by:

First. Increased supplies of fertilizers and insecticides.

Second. Increased mechanization of agriculture.

Third. Keeping all machinery now on farms in efficient operating condition by a plentiful supply of repair and maintenance parts and supplies.

Now, as never before in our history, it is imperative that the trend toward mechanization of agriculture be accelerated. Now is not the time to be thinking of stabilizing the supply of farm machinery at historical levels, but rather to increase farm machinery production to the extent needed to offset the reduction in available manpower in agriculture.

Our most pressing national need is the wise and efficient use of our manpower resources. All production of goods and services can be reduced to the common denominator of man-days. Thus, if it takes 500 man-days to produce and distribute a mechanical cotton harvester—including all the materials and services that go into it—and if the harvester will save 1,200 man-days during its first season of operation, then a significant national saving in our most vital resource has been accomplished. It obviously would be unwise to limit the production of cotton harvesters on some historical base procedure.

Obviously the other calls upon available manpower and materials are demanding. But so long as the industry of the Nation continues to produce the tremendous supplies of consumer goods we are currently producing, there is room for an expansion in the production of

the capital goods required to maintain the agricultural plant and to maintain, and if possible, increase, the total of agricultural production.

There is no need to point out to this committee the importance of agricultural production to the national defense effort nor to demonstrate that it will not be easy to maintain, much less increase, agricultural production.

Farmers at the present time are generally able to buy their most essential needs in farm machinery and parts; however, reports indicate that dealer and distributor inventories are being greatly reduced. We fear that if production of farm machinery and spare parts is not maintained and increased farmers may be faced with drastic shortages later in the year, when the need for maximum operation and for repair and maintenance parts is greatest.

We do not believe it is necessary to do everything possible to point out to the agencies controlling many of the means of production in the Nation today, and to the general public, that agricultural production cannot be taken for granted, that it is seriously imperiled by the loss of agricultural manpower, that the apparent surpluses of a year ago have been absorbed, and that stabilization of food costs by price and ration controls is a futile endeavor unless such efforts are supported by a rising curve of agricultural production.

We specifically recommend that:

1. A priority rating be established for all materials, supplies, and replacement parts required to keep present farm machinery in operation, such priority to be applied by buyers without limitation as to total amount.

2. Manufacturers of farm machinery be provided a priority rating for supplies and materials used for the production of farm machinery equal to at least 100 percent of the amounts of such supplies and materials used for the production of farm machinery in 1950. In the case of harvest-type machines that reduce the peak labor requirements of agriculture production should be at an even higher level.

It may be that some satisfactory program is being developed for dealing with farm machinery, but as of now it has not been made known to us. We hope that a plan will soon be announced that will deal adequately with this situation.

The necessary supplies and facilities must be made available to the farmers in order to insure continued abundant production of food and fiber for American consumers.

Mr. ABERNETHY. Do you have any questions, gentlemen?

Mr. HOEVEN. Referring to your recommendation No. 1, do you mean to include the manufacture of farm machinery repair and replacement parts without restriction?

Mr. TRIGGS. That is right. There are various means by which you can do it. As a matter of fact, we are not so much concerned about the specific means, providing we get the objective. If we apply the DO procedure now used, it could be done, as I understand it, either by a direct DO rating to those manufacturers or by a DO rating to the distributors who buy from them.

Mr. ABERNETHY. Mr. Heimburger.

Mr. HEIMBURGER. Mr. Triggs, you say here near the end of the statement that you hope a plan will soon be announced that will deal adequately with this situation.

Do you have any information that there is any such plan now in the mill?

Mr. TRIGGS. We have no such information. We hear rumors that the Department is going to recommend this and the Department is going to recommend that, but we know of nothing definite and that would indicate they have consummated their recommendation in a specific form.

Mr. ABERNETHY. Have you people in the Bureau sought any conferences with the people in those departments?

Mr. TRIGGS. We have met with people in NPA, such as Mr. Fleischmann and Mr. Bates, and we hope to meet with Paul Newton—or rather, we had hoped to meet with Mr. Paul Newton, as you know, unfortunately he died recently, and other people, of course, Mr. Kline and Mr. Fleming have had numerous discussions with Mr. Wilson and Mr. Johnston, but I am not too familiar with what they talked about so far as farm machinery is concerned.

I might say in answer to Mr. Hoeven that on a number of instances we feel very strongly there should be some agricultural representative in the NPA. I did not include it in this statement, because we confined it to farm machinery, and that would be a general representative, but we believe it should be done.

Mr. HOEVEN. I am glad to have your views on that, because I think it is most important that a representative of the Department of Agriculture in a high echelon defense set-up should be there, and once we have that kind of representation we can have some bargaining power. I hope you will consider that.

Mr. TRIGGS. We shall do that.

Mr. HEIMBURGER. Mr. Triggs, you mentioned a very interesting aspect of this thing in your statement—the saving of manpower which can be accomplished by the use of certain types of machines. Plows, harrows, and discs don't particularly save any manpower, but combines, peanut pickers, beet harvesters, corn pickers, hay balers, they definitely save manpower. Do you know of any figures that are available on the number of such machines which might economically be used?

Mr. TRIGGS. I would say in the case of cotton pickers that the amount is far in excess of what we could produce in 2 or 3 years, even if the present industry operated at peak capacity. That is the only thing that occurs to me at the moment.

Mr. HEIMBURGER. I was wondering if you knew of any over-all study or figures that would indicate what the potential is for that type of labor-saving machinery.

Mr. TRIGGS. No, sir.

Mr. HEIMBURGER. None at all? Thank you.

Mr. ABERNETHY. Thank you, Mr. Triggs.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 2:50 p.m., the committee adjourned to reconvene on Tuesday, March 20, 1951, at 10 a.m.)

81510—51——6

FARM MACHINERY

TUESDAY, MARCH 20, 1951

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FERTILIZER AND FARM MACHINERY
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 a. m. in room 1310, New House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Mr. ABERNETHY. The committee will come to order, please.

Call your first witness, Mr. Heimburger.

Mr. HEIMBURGER. Mr. Faust, representing the Dairy Supply Association, was scheduled to be the first witness, but I understand he is not in the room yet. I wonder if Mr. Mulliken is ready to go on.

STATEMENT OF PAUL M. MULLIKEN, MANAGING DIRECTOR, NATIONAL RETAIL FARM EQUIPMENT ASSOCIATION, AND GENERAL MANAGER, FARM EQUIPMENT RETAILING, ST. LOUIS, MO.

Mr. MULLIKEN. My name is Paul M. Mulliken. I am the managing director of the National Retail Farm Equipment Association and general manager of Farm Equipment Retailing, the industry's leading monthly trade publication. Our offices are located at 1014 Locust Street, St. Louis 1, Mo.

I represent the more than 17,500 implement dealers who hold membership in the 34 State and regional associations that are affiliated to form the National Retail Farm Equipment Association. The members of our association sell and service approximately 90 percent of the total annual production of farm machinery and equipment. We have members in practically every county in the 48 States. Our national organization was formed more than 50 years ago. Some of our affiliated associations had their beginning over 60 years ago.

The individual members of our association are engaged in the distribution to farmer users of needed farm equipment. In addition to their sales of completed machines, our members carry large stocks of replacement parts and maintain adequate repair shops staffed with trained, skilled mechanics.

Despite the seasonableness of most items of farm equipment, our dealer members are open for business the year round. It is only natural that during the farmers' busy season these dealers and their employees work long hours. Without exception all implement dealers adjust their operating schedules to meet the needs of their farmer customers.

It is only logical to assume that the average American farmer is more dependent upon the equipment, parts and service facilities of his preferred implement dealer than any other type of retail business. That the farmer may be served in a manner and at the time needed, dealers everywhere have greatly increased their investments in plant, shop equipment, delivery equipment, and inventories of completed machines, replacement parts, and farm production supplies.

In certain respects, today's situation differs materially from that prevailing 10 years ago or immediately prior to the commencement of World War II. Ten years ago considerably less than half of the implement dealers maintained service shops. In the decade that has intervened, just about every dealer has provided the facilities and made the sizeable investments required to offer complete service to his farmer customers. Thousands of our members have built new modern retail establishments to make it possible for the farmer to have readily available machines, parts, and service.

On the other hand, we are faced today with a situation that is comparable to that which prevailed just prior to the commencement of World War II. In 1940 and 1941 there was a shortage of production equipment on American farms. The principal reason for the shortages of a decade ago was that American agriculture had just gone through the depression years when farm income was not suffiicent to permit the farmer to buy any machinery regardless of how badly he needed it.

Throughout the early thirties the farmer had been compelled to patch up his machines in any way that would make them usable. A large part of the farmers were then using only horse-drawn equipment. The conversion to tractor power had started in the twenties, but the great transition from animal to mechanical power had just gotten under way when it was checked by the depression. Farm income did increase gradually from 1935 on, but most farmers had accumulated so much indebtedness that they were not financially able to mechanize their operations until just prior to World War II.

The beginning of hostilities in Europe in September 1939 increased the demand upon American agriculture for more and more farm products of all kinds. Our own needs increased, and as a result the Department of Agriculture began stepping up farm production quotas. The loss of manpower from the farms to defense industries and military service accentuated the need for power farm equipment. As the able-bodied men left the farms, their places were taken by elderly people and inexperienced youngsters who could do the job only if they were supplied with power machines.

The Office of Production Management made an attempt on December 28, 1941, to assure some of the needed equipment. The issuance of Limitation Order L–26 on that date assigned priority rating A–3 to manufacturers of equipment sufficient to permit the building of 83 percent of the farm machines that were built in 1940. This same order permitted the use of raw materials for the manufacture of repair parts at an average rate of about 150 percent of the 1940 level. Order L–26 specified the number of machines of each and every kind that could be built in the year November 1, 1941, to October 31, 1942.

During the year 1942 the War Production Board issued several supplementary orders to L–26 intended to assure the delivery of essen-

tial equipment to American farmers. In a few instances a high priority rating of A–1–a was issued to manufacturers to enable them to obtain materials. Not even these efforts were fully effective. Farmers in every section of the country were unable to secure the equipment that was so sorely needed to help them meet USDA production goals.

Early in October 1942, the House Agriculture Committee addressed a report to President Roosevelt which stated in part:

> Instead of ample tools to work with, the farmers are told that farm implements and machinery will be rationed.
>
> We are convinced that the various agencies connected with the war effort have not shown proper appreciation of the importance of agriculture in winning the war. * * * The time has come when these agencies should recognize the necessary food and fiber as war production, and now that the shortage of labor has become so acute immediate provision should be made for supplying the farmers of the Nation with necessary farm equipment, machinery, and repair parts.

It seemed to us in the industry that the War Production Board ignored the request of the House Agriculture Committee because, on October 19, 1942, WPB issued its infamous Limitation Order L–170, which not only further reduced the amount of farm equipment that would be scheduled for production in 1943 but which incorporated the provisions of the "concentration program" whereby many items of farm machinery and equipment regularly produced by the larger companies were transferred to the smaller- and medium-sized firms.

As initially issued, Order L–170 established quotas that were actually less than one-fifth of 1940 production. Some of the restrictions contained in Order L–170 expressed in percentage of 1940 production were: Tractors, 14 percent; tractor-mounted planters, 11 percent; moldboard plows, 10 percent; cultivators, 15 percent; combines, 18 percent; tractor mowers, 21 percent; and tractor-mounted corn pickers, 25 percent.

The manufacture of many commonly used items of farm-production supplies such as stock tanks, grain bins, hog troughs, corn cribs, and stanchions were prohibited altogether.

Order L–170 restricted dealers to make deliveries of farm machines to known users and further prohibited the sale of repair parts to any person unless the dealer had reason to know that the part would be "incorporated reasonably promptly into farm machinery and equipment in the possession of such consumer." All dealers were called upon to literally guarantee that the purchase of any machine or part would be immediately used in the manner prescribed by the War Production Board.

This section of L–170 was superseded on November 28, 1942, by the issuance of Rationing Order C, which granted county farm-rationing committees the sole right to say who should be permitted to buy any item of farm equipment.

The allocation and rationing of farm equipment continued for nearly 2 years. In the judgment of the members of our organization, governmental direction of the distribution did not aid the food-production program nearly so much as would have been done had the industry been permitted to perform this function in its normal manner, based upon a half century of experience. Under the rationing program, a dealer was compelled to honor a purchase certificate issued to a farmer

by his county rationing committee, even though the dealer might know of other farmers who had greater need for the equipment.

As might have been expected, many machines found their way into the "black market" under the rationing program. It was not at all uncommon in those days for a new machine to be purchased and resold several times before it was put into actual use. Oftentimes it would be transported across many State lines, and obviously each time it was sold the purchase price increased.

In January 1943 the United States Senate Committee Investigating the National Defense Program issued an interim report on farm machinery and farm equipment. This committee, commonly referred to as the Truman committee, was most critical of the actions taken by Government agencies in restricting the production of farm machines. The 24-page report covers in complete detail the actions taken by the Office of Civilian Supply and severely censored the "concentration plan." A quotation from the report reads:

> An impracticable plan for concentration of farm-machinery production in smaller concerns not only delayed action on the 1943 farm-machinery program but threatens to destroy Nation-wide dealer- and repair-service organizations essential to the farmer in maintaining food production. * * *
>
> In addition, it is estimated that there will be a very substantial increase in the mortality of dealers in farm machinery and equipment as a result of the concentration provisions of Limitation Order L–170.

Time does not permit further quotations from either the report of the House Agriculture Committee or the Truman committee, but it is recommended that those now charged with the responsibility of allocating raw materials and component parts to be used in farm-machinery production study carefully these two most important documents.

Mr. ABERNETHY. I have the hearings on that particular subject before me. I have been making a study of it.

Mr. MULLIKEN. Good. Since the days of World War II there have been continuing shortages of many kinds of power farm equipment. The supply of certain machines has never caught up with the demand. Within recent years several new labor-saving machines have been introduced. Notably among these are the cotton picker, the automatic hay baler, the improved corn picker and front-end loader. These and many other items of farm equipment offer the only substitute for manpower on America's farms. Improved tractors with the increased horsepower and multiple-row planting and cultivating equipment are not now available in sufficient quantity to meet the farmers' needs. Work stoppages in several manufacturing plants in 1950 further contributed to the existing shortages. The necessary diversion within the industry of plant facilities, raw materials, and component parts, as well as manpower required to fill Government orders for defense goods, will shortly further handicap normal production of farm equipment.

Within recent months the "black market" operators have been reactivated. Reports are continually reaching our office from nearly every agricultural area in the Nation stating that increasing quantities of new and slightly used machinery are being distributed through irregular channels. We sincerely believe that the American farmer much prefers to buy his needed equipment from his locally established service dealer who is the only one that the farmer can depend upon

as a continuing source of supply for repair parts and mechanical service.

Farm-equipment manufacturers and retail dealers are sincerely trying to curb "black market" activities. Manufacturers attach serial numbers to major items of farm equipment, including tractors, combines, corn pickers, cotton pickers, and automatic hay balers.

To make it impossible for manufacturers and dealers to trace the movement of such machines, it is the frequent practice for those engaged in "black market" activities to remove or deface the serial numbers.

A farmer who purchases a power machine without an identifying serial number on it will most likely have trouble later on purchasing the right repair part when it is needed. The serial number is of much greater importance on a tractor than it is on an automobile due to the fact that we do not have annual models in farm equipment.

To protect the farmer, we recommend that the House Agriculture Committee give consideration to the introduction and passage of legislation prohibiting the movement in interstate commerce of power farm equipment on which the serial number has been removed, altered, or defaced. We believe such a law should prove most beneficial to farmer purchasers.

The members of our organization are most appreciative of the interest of this committee in its efforts to assure ample production of farm machinery and equipment. We wish also to direct attention of this committee to the need for making available certain farm production supplies such as baler wire and twine.

For many months since last fall dealers have been unable to obtain either the coil wire or ties that will be required to handle the 1951 hay crop. Recently we were told by the Department of Agriculture that baler wire and ties are being produced in sufficient quantities to handle 70 percent of the Nation's hay crop. It was stated to us by them that in all of 1950 the production of coil wire for automatic hay balers was less than 50,000 tons and that present schedules call for a minimum of 98,000 tons in 1951.

Only 10,000 tons of bale ties are reported to have been produced in the first quarter of 1950, but manufacturers have scheduled the production of 20,000 tons in the first 3 months of this year. We were further told that in the fourth quarter of 1949 only 3,200 tons of bale ties were manufactured and that 22,000 tons were produced in the fourth quarter of 1950. Despite this claimed increase in production, dealers are still unable to obtain nearly enough coil wire and ties to meet the demands of their farmer customers. The same situation exists with respect to baler twine.

A written report received within the last week from New York State reads in part:

> We understand that baler wire is being produced, but it is definitely not being channeled to winders and not being shipped to New York in sufficient quantities to meet our deadline of the hay season which starts about June 1. Dealers and farmers both are completely frustrated in knowing what to plan for during the hay season of 1951.
>
> There are no substitute methods possible as most mows have had the tracks removed, the hay rope has been disposed of, the loaders sold and obviously none are available. This adds up to a situation that threatens the hay supply for the feeding season of 1951–52.

Some action must be had immediately on this problem of both wire and twine. Two-thirds of New York State requirements must be in the hands of farmers around the first of June. At the present rate of shipment, we will not get enough before December to take care of our first cutting.

There are other farm production supplies that are in just as short supply, but emphasis has been placed upon the wire and twine supply problem only because it necessitates an immediate solution. It is not a localized matter but exists in every State where hay is grown.

In behalf of the retail dealers of the United States, I would urge that this committee take every possible step to assure ample production of farm machinery and equipment, replacement parts, and farm production supplies.

Our interest is only that of serving the farmer. This cannot be done by supplying just tractors. I wish to submit as exhibit A a poster just completed by our office showing the many machines that are used by the farmer in conjunction with his tractor to mechanize his operations.

This poster states:

Five great powers—at his command. And nowhere except in America is agriculture backed by 20,000 service dealers with well-trained mechanics and efficient shop equipment.

A nationally prominent agricultural engineer recently said, and this brings in a new point:

Farm machinery controls and develops the one basic asset on which all civilization rests—9 inches of topsoil—9 inches, on the average, which Nature has required millions of years to produce. This topsoil is our only real asset. Farm machines work this topsoil and cultivate and harvest the products that come from it. Such machines must be ready and dependable. A few days' delay means the loss of an entire crop.

I am authorized to pledge to you and the defense program of the Government the complete cooperation of our industry in serving the needs of the Nation's farmers to the end that there may be no reduction in the amounts of food, fats, and fiber set up by United States Department of Agriculture production goals. The retail dealers of this country served agriculture in a most effective manner during World War II. Their plants, equipment, and personnel are in a much better position today than they were a decade ago. All that the members of our organization require to continue effective service to farmer customers will be machines, the repair parts, materials, and manpower.

Many of our dealers are now losing some of their trained mechanics. A few are being called into military service, and many of them are going into defense industries where higher wages prevail. The wage stabilization order, freezing wages, prohibits our dealer members from paying higher hourly wage rates, but there is nothing to prevent a mechanic from changing jobs where his wages may be increased as much as 25 percent or more above his present weekly income.

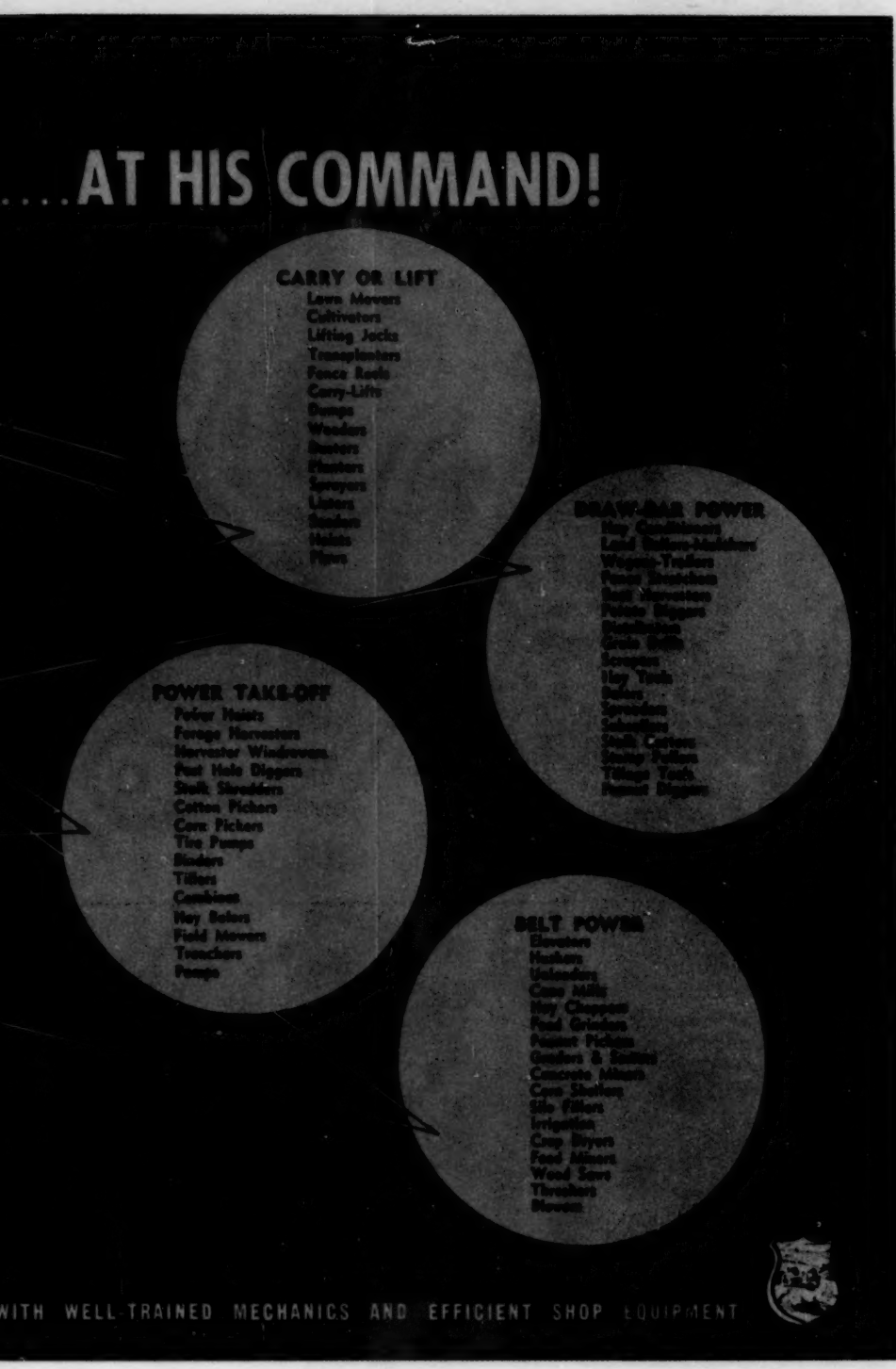
This statement of the conditions that exist at the present time and the review of the tragic mistakes made in 1942 and 1943 is intended to point out to the members of this committee the importance of immediate action. The Office of Defense Mobilization has been established for several months. The National Production Authority is charged with the allocation of materials for manufacturing.

5 FIVE GREAT POWERS...

PUSHING POWER
Land Graders
Wheel Cleaners
Front End Loaders
Tractor Guides
Post Pullers
Tampers
Snow Plows
Ditchers
Stackers
Sprayers
Hay Balers
Bulldozers

and

NO WHERE, EXCEPT IN AMERICA, IS AGRICULTURE BACKED BY 20,000 SERVICE DEALERS


....AT HIS COMMAND!
CARRY OR LIFT
Lawn Mowers
Cultivators
Lifting Jacks
Transplanters
Fence Reels
Carry-Lifts
Pumps
Weeders
Blasters
Planters
Sprayers
Lifters
Rakers
Hoists
Plows
DRAW-BAR POWER
Hay Conditioners
Load Trailers-Haulers
Wagons-Trailers
Power Diggers
Post Diggers
Power Rippers
Scarifiers
Grain Drills
Dumpers
Hay Tools
Rakers
Spreaders
Cultivators
Fruit Carriers
Stump Pullers
Tillage Tools
Power Rippers
POWER TAKE-OFF
Power Hoists
Forage Harvesters
Harvester Windrowers
Post Hole Diggers
Stalk Shredders
Cotton Pickers
Corn Pickers
Tire Pumps
Binders
Tillers
Combines
Hay Balers
Field Mowers
Trenchers
Pumps
BELT POWER
Elevators
Hoists
Unloaders
Corn Mills
Hay Choppers
Feed Grinders
Potato Pickers
Grinders & Saws
Concrete Mixers
Corn Shellers
Silo Fillers
Irrigation
Crop Dryers
Feed Mixers
Wood Saws
Trenchers
Blowers
WITH WELL-TRAINED MECHANICS AND EFFICIENT SHOP EQUIPMENT

Despite the urgency of the situation, the National Production Authority has not yet set up a farm equipment and machinery branch. If our military forces and those of our allies and our civilian population are to be assured of having the needed products of the farm, it is vital that steps be taken at once to assure an ample supply of farm machines, repair parts, and farm production supplies.

(The chart referred to is herewith inserted.)

Mr. ABERNETHY. Mr. Mullikin, you have made a fine statement. You know your subject.

Are there any questions, Mr. Heimburger?

Mr. HEIMBURGER. Mr. Mulliken, you referred specifically to the shortage of baler wire and twine. Have you discussed this subject with any of the authorities here in Washington since you have been here?

Mr. MULLIKEN. Yes, sir.

Mr. HEIMBURGER. Who have you discussed it with?

Mr. MULLIKEN. I have discussed it with the Office of Materials and Facilities in the Department of Agriculture. And it was from them that I received these figures on the amount of production. We cannot understand where it is going.

Mr. HEIMBURGER. Did they have any explanation as to where it was going?

Mr. MULLIKEN. No. It was not given to me, at least. I do nt believe they do know.

Mr. HEIMBURGER. Did you then talk to anyone in the National Production Authority about it?

Mr. MULLIKEN. I have not. There is no one over there that I could talk to.

There is a certain amount of production of drawn wire and of bale ties that is reserved for DO orders, and under an MRO order a farmer is permitted to use a DO–97 assigned rating to get production, that is, maintenance and operating supplies, but they are not doing any good. It is not even a good hunting license.

Mr. HEIMBURGER. Have many farmers used those ratings?

Mr. MULLIKEN. I understand they are using them in increasing numbers all of the time, but they are given to the dealer and the dealer, in turn passes them on to his supplier where the supplier will accept them.

Mr. HEIMBURGER. Were you able to get any concrete help at all from the Department of Agriculture when you outlined this problem of baling twine and wire to them?

Mr. MULLIKEN. We have not gotten any more wire yet. That is the answer.

Mr. HEIMBURGER. Do they plan to do anything about it that you know of?

Mr. MULLIKEN. I know they are conscious of the situation. They are advised by their fieldmen, I am sure from every section of the country, of the acute shortage and how essential it is that they have wire in order to operate balers. Balers are setting in the fields, in barnyards, and in dealers' places of business that will not be used this year which will result in a loss of hay crop, which is one of the prime feed materials, simply because there is no wire. A $3,000 baler without wire to go with it is valueless.

Mr. HEIMBURGER. I agree with you. That is all.

Mr. ABERNETHY. Mr. Hill?

Mr. HILL. I would like to ask a question on this hay-baler affair. I cannot speak for other territories, but I can speak for my own. We have had a revolution in the handling of hay in the last few years. I would say that has happened in the last 3 or 5 years. The revolution there is that they are not using stackers at all. They are picking up this hay in the windrow with the side-delivery rake, and then the baler comes along and picks it up out of the windrow and bales it, then the trucker comes along and totes the hay to the barnyard and stacks it up or carries it off to the edge of the field and stacks it or takes it to town or sells it maybe 100 miles away. And so we are in a position in our territory where we cannot handle our hay at all if we do not get baling wire, because the hay can spoil in a short time if you leave it lying around without being raked or if you leave it raked and in the windrow any length of time. So it is a matter of life and death in saving our hay crop which I would say is second to none.

Mr. MULLIKEN. The same situation is true with respect to baler twine. Some machines use wire. Others use twine, but the shortage is most acute in both.

Mr. ABERNETHY. I was particularly interested in your statement with regard to black markets. Ordinarily, how does this machinery get into the hands of those who black-market it; who is doing the black marketing? It is the dealers, individuals, the farmers who purchase from dealers—just who is it and where does it prevail the most?

Mr. MULLIKEN. Obviously, there are some sections that are troubled more than others. The delta section is a bad area. Iowa is quite bad. It is our sincere belief that the majority of machines that move in the black market, that is, that moved in the black market during World War II, were sold by the dealers to farmers who in turn resold them to a speculator, as we commonly know them.

Mr. ABERNETHY. Now you represent the trade association?

Mr. MULLIKEN. That is right.

Mr. ABERNETHY. You have stated that about 90 percent of the machinery moves through dealers who are affiliated with your association?

Mr. MULLIKEN. That is right.

Mr. ABERNETHY. How active have the member affiliated with your association been in trying to run down the black markets?

Mr. MULLIKEN. We believe that they have been very, very insistent, that all machines that were sold—this is particularly true during the period at the close of the war and the immediate postwar period—to purchasers for use, that is, that they would use them. And oftentimes, Mr. Chairman, a farmer would buy a machine, let us say a combine, harvest his crop, use it for that season, sell it to someone who is either doing farming operations north of him or to some speculator or trucker, who would haul it north. For instance, in the wheat crop starting down in Texas, moving up across Kansas and Nebraska and on up into the Dakotas, these machines would move as the harvest season advanced, and many of them were custom machines, but there were many of them that were privately owned and would have several owners during the course of the season.

Mr. ABERNETHY. Frequently we treat a subject of this type without seeing our own sins.

Mr. MULLIKEN. That is natural.

Mr. ABERNETHY. If you found one of your members who was definitely engaging in black-marketing practice, and no doubt there are some—I heard of some during the last war, and I might say that I heard of some in my own district—what would you do to him?

Mr. MULLIKEN. Of course, Mr. Chairman, we have no power of judgment but I will say this, that our organization and the entire industry, the manufacturers in their relationship with the dealers, through their branch-house organization and their territory men——

Mr. ABERNETHY. You can let the light of day in on him?

Mr. MULLIKEN. It has been done.

Mr. ABERNETHY. You have done that?

Mr. MULLIKEN. There have been some instances in which dealers who were engaged in that practice are no longer dealers.

Mr. ABERNETHY. Of course, you know the reference I made does not apply only to the implement dealers. It applies equally to some automobile dealers.

Mr. MULLIKEN. I cannot vouch for the latter.

Mr. ABERNETHY. We all know that.

Mr. MULLIKEN. Mr. Chairman, if I may, I would like to leave with the committee a clipping from the front page of the March 6 issue of the Wall Street Journal which has quite a lengthy story in it on this black-market activity. This has to do with cotton pickers out in California as the initial item.

Mr. ABERNETHY. Would you like to have it go in the record?

Mr. MULLIKEN. I would like to have it go in the record; yes.

Mr. ABERNETHY. Without objection that will be inserted in the record at this point.

(The clipping of March 6 from the Wall Street Journal entitled "Farm Machines" is as follows:)

FARM MACHINES

RUSH FOR EQUIPMENT IS SPED BY SHORTAGE TALK, BIG CROP NEEDS—CALIFORNIAN TREKS 450 MILES IN HUNT FOR COTTON PICKER; BLACK MARKET BLOSSOMING—ILLINOIS DEALER'S SALES TRIPLE

(By Donald J. Buckley, staff correspondent of the Wall Street Journal)

CHICAGO.—The other day a man walked into a farm-equipment shop in California and asked for a $10,000 mechanical cotton picker. He'd come 450 miles. When the dealer said he had to give his regular customers first call on the hard-to-get machines, the man replied:

"Here are two $1,000 bills. Just stick them in your pocket, and then let me talk to one of your salesmen."

The incident indicates the way farm folks are scrambling for new machines nearly everywhere. A Wall Street Journal survey of agricultural equipment dealers in principal farm regions finds their selling pace superbrisk. And farmer willingness to pay above ceiling prices, if necessary, depicts a blossoming black market.

J. L. Holland, owner of the Holland Implement Co., in West Memphis, Ark., says: "I've had three farmers recently offer to pay me $200 above list price for a heavy tractor. Ordinarily, I sell only in Crittenden County (in the heart of the Arkansas Cotton Belt), but recently I've been getting calls from Illinois and Missouri."

CALL FROM TEXAS

In Ottawa, Kans., E. G. Stucker, the local distributor of John Deere farm machinery, tells this tale: "A Texas dealer called me on the phone the other day and offered to buy every power-driven machine I have in my place. He said he would pay cash in advance to cover the list price plus freight and handling charges."

The eagerness to buy, of course, is encouraged by high farm income and by talk of shortages.

At mid-February, farmers were receiving for their products an average return 32 percent above a year earlier. Federal forecasters figure farm income in 1951 may top 1950's $28 billion by 15 percent.

Though manufacturers aim to turn out as much farm machinery this year as last, some of them fear material shortages may make output fall short of that target. An International Harvester spokesman comments, "About 75 percent of 1950 production would be a more realistic goal."

Yet even a 25-percent cut-back would leave production at a high level. In the case of tractors, the most numerous pieces of agricultural apparatus, such a curtailment would put output around the 400,000-a-year mark. That would be about twice as many tractors as were made in pre-World War II 1939.

BIG SALES GAINS

Last year saw retail sales of farm machinery climb to $2,346 million, a healthy 10 percent above the 1949 figure. In January this year, dealers registered a 15 percent gain in volume over the like 1950 month, and the sales of $137 million would have been bigger, distributors say, if strikes in major manufacturing plants last fall and early winter hadn't disrupted the flow of goods to their showrooms.

For some individual dealers, the farmer's rush to buy is ringing up much bigger sales increases. Tony Victor, who does business in a neat modern lay-out on United States Highway 45 in Libertyville, Ill., says his volume this January was three times the year-earlier total. R. H. Hollinshead, who runs Hubbell Tractor & Equipment Co., in Elgin, Ill., tells about the same story.

In Muncie, Ind., C. E. Loker, manager of the C. E. Loker Truck & Implement Co., reports his sales for November through January at 25 percent above the like period a year before.

A similar upturn has been experienced by N. C. Greer of the Greer Farm Equipment Co. in California's Imperial Valley. However, he says it would be a lot bigger if he could get more to sell, and a lot of other dealers agree with him. The Greer firm now has only a tenth of the stock it had a year ago, and says it's getting only 60 percent of what it needs from Allis-Chalmers, the maker it represents.

Mr. Stucker of Kansas grumbles that he's receiving only one-fourth of the goods he could use from manufacturer John Deere.

TRACTORS IN DEMAND

Which machines are hardest to come by? Ralph Herschberger, an International Harvester distributor in Mundelein, Ill., answers, "Tractors and disk harrows are short items here. I could sell six or eight disks before the day is out if I could get them."

Vernice Ford, proprietor of the Ford Implement Co., Lubbock, Tex., says, "I could sell more than 300 tractors if I had them now." He tells of a black marketeer in his part of the country buying a $4,000 tractor from a dealer and reselling it to a farmer for $4,400.

Mr. Victor of Illinois reports, "Tractors are most in demand, with disk harrows and balers a close second. There's more demand for new equipment than for the second-hand stuff, but even that is moving out well."

The story of brisk demand for used machinery gets corroboration in other quarters. A northern Missouri dealer finds, "The hottest item here is the used combine. A good used machine that should sell for $700 is bringing $1,100 on the farm."

TRADE-INS SLOW DOWN

A spokesman for E. A. Lusk, International Harvester dealer in Lake Zurich, Ill., says, "Trade-ins on disk harrows are beginning to slow down. In the last five sales we got only one disk back on a trade-in."

A California distributor agrees that more farmers are hanging on to their old equipment instead of turning it in when they buy new.

There's a lot of testimony that some farmers are having to dig deep to pay for all the machines they're buying—deeper than their supplies of cash will permit. Mr. Herschberger of Illinois says, "Farmers in the district are at the limit of their installment-buying capacity."

A representative of Lakes Oil Co., a farm machinery firm just outside Elgin, Ill., observes, "Even farmers you'd expect to pay cash want to give notes now." L. G. Burks, a Springfield, Mo., dealer, says quite a few of his customers owe him on equipment already purchased, "and the new lines being bought are not being paid for in cash."

CREDIT DEALS ON THE RISE

Arnold Garlisch of John Garlisch & Co., which operates in Arlington Heights and Des Plaines, Ill., agrees that credit deals are on the rise.

A complaint registered by a sizable number of distributors is that some pieces of equipment are coming in from makers with parts missing. Mr. Greer of California mentions wheel weights as among the absent items, and adds that he's getting some machinery with the wrong size of tires for use in his territory.

Mr. Hollinshead of Illinois grumbles that some tractors are being shipped his way minus bumpers. A Muncie, Ind., dealer is receiving tractors without belt pulleys and disk harrows without the apparatus for hooking them up to a tractor.

On the manufacturers' end of the supply line, Executive Vice President H. H. Bloom of Massey-Harris Co., concedes his firm is shipping some machinery short of parts, but says the absentee components are strictly items not essential for the operation of the equipment.

Among this country's major farm equipment makers are International Harvester Co., Deere & Co., Allis-Chalmers Manufacturing Co., J. I. Case Co., Oliver Corp., Minneapolis-Moline Co., and Massey-Harris Co. (offshoot of a Canadian firm). All these make a full line of farm implements. The Ford Motor Co. is a big producer of lightweight tractors, but makes no heavy machinery.

[From the Wall Street Journal Detroit Bureau, March 6, 1951]

ALL AUTO MAKERS PUT INTO EFFECT 3½ PERCENT PRICE RISE GRANTED BY OPS

DETROIT.—All the auto companies have now put into effect the 3½-percent increase in the wholesale prices on their cars, as allowed by the OPS price amendment of last Thursday.

Chrysler and Ford started invoicing dealers with a 3½ percent extra charge on all cars coming off their assembly lines Friday, but the increase was not made by General Motors until Saturday shipments.

Hudson, Packard, Studebaker, Nash, Kaiser-Frazer, and Willys-Overland have also made the increase, with their effective dates varying from last Friday to yesterday.

In all cases, the 3½ percent increases cover the entire line of passenger cars of the different manufacturers. For Willys-Overland, this means three station wagon models and two Jeepster models. The company's Jeeps are classified as trucks, and were exempt from the Government's December 1 price freeze on cars.

Under the OPS amendment, the 3½ percent allowable increase applies to the manufacturers' price to the dealers.

The latter is permitted to pass along to the car buyer only the dollar increase charged him by the manufacturer.

Mr. ABERNETHY. Agriculture today is more mechanized than it has ever been before?

Mr. MULLIKEN. That is right.

Mr. ABERNETHY. There are two things which brought on mechanization: Principally a shortage of manpower. In areas where manpower was short it enabled farmers to produce crops with more dispatch and with considerably more ease?

Mr. MULLIKIN. And greater economy.

Mr. ABERNETHY. And greater economy, yes. Now the manpower situation today, although we are not in an all-out war is even more critical now than it was on the farm in World War II, or almost as critical, and will get worse, will it not?

Mr. MULLIKEN. It cannot help but get worse. I think it is as critical now.

Mr. ABERNETHY. That being the case since our farmers and farms have become mechanized it is even more essential now to continue that mechanization at a reasonable level than it was back in World War II?

Mr. MULLIKEN. And in doing so, Mr. Chairman, it will minimize, if not totally eliminate, the black-market situation in which the only ones that suffer are the farmers, the purchasers.

Mr. ABERNETHY. Our farmers did a pretty good job during World War II with the shortage of labor and very little machinery and no repair parts. And when we appear before the boys downtown who will subsequently govern this subject and who have the authority to do so now, and they look at us and say, "Well now, you did not do so badly in 1942, 1943, 1944, and 1945," what will we answer them?

Mr. MULLIKEN. I do not know what your answer will be to them, but we cannot gamble the future against what we were successful in doing during World War II when, with the aid of weather, the extended of equipment, the maintaining of that small amount of equipment in operating condition as the result of, we think, and feel, the cooperation of our dealer members who kept it operating, making parts, furnishing them when they were available, giving them skilled mechanical service—we just cannot gamble that we will always be able to repeat on that. And as you said, our manpower situation now is just as acute as it was at the height of the war and will become even worse.

Mr. ABERNETHY. It is, probably, more so because we are still taking labor away from our farms into industry in larger numbers than ever before, comparatively speaking, plus the manpower that is going into the armed services.

Mr. HILL. We are just going through the hearings—and I am a member of that committee—on this farm-labor proposition and we find that the outlook in the Department of Agriculture has backed up our statements that we are going to be short between 300,000 and 500,000 temporary farm workers. That is in the United States. If you will add that to our mechanization problem where you cannot get the repairs or the supplies necessary to operate the mechanization program the farmers instead of being in a place of tight squeeze one way, is in a tight squeeze from two directions. He cannot get his supplies for the machine he has on hand like you mentioned a moment ago in regard to baler wire.

Mr. MULLIKEN. That is right.

Mr. HILL. We are in the same position almost identical on machinery that we have developed since the war. When I came on this committee some 8 years ago I do not suppose there were a dozen beet puller, topper, and piler machines in all that valley. That is, they pull the beets, top them, and they elevate them into a truck as they go along. They are coming along fast.

Now suppose you come along and I mean all of us, and change our way of operation, we fail to supply those farmers who have gone to that type of equipment with the necessary repairs. You can see immediately that that puts us, Mr. Chairman, in a worse position than we were even when we used all stoop labor which we did when I first came into that valley. Every acre of beets was thinned by stoop labor.

Mr. MULLIKEN. That is right, by hand.

Mr. HILL. The beets were pulled by the puller, but the labor came along behind the puller and piled the beets. What did they do next? Then they came along and topped the beets and threw them into an-

other pile. Then they came along with the beet fork—I have sold them by the hundreds—and scooped the beets into the wagon. I did not say a truck. I said a wagon. And then they hauled the beets in the wagon to the dump.

I dare say you can drive through that whole valley and you will not find a single farmer using a pair of horses or four horses to pull a beet wagon. You are not selling any wagons. You are selling the repairs and the equipment for this modern mechanization program.

Mr. MULLIKEN. Not only labor-saving equipment, but cost-reducing equipment which means that there should be a lower price to the consumer.

Mr. Chairman, may I offer one more comment?

Yesterday it was suggested that in coming here there be a limitation of 105 percent on repair parts. I sincerely hope there will never be any such limitation. I think Congressman Hill has stressed the importance of making repairs available without any restrictions or any limitations of any kind.

Repair parts are only going to be used as needed. There is no value to a part until it is incorporated into a machine to replace one that is broken or worn out. There should be no limitation. We do not think so. That is, on the production of parts regardless of how critically short any raw materials may be.

Mr. HOEVEN. You made a very fine statement. I am glad to have you make the suggestion you just made because I have been contending right along that we should have the manufacture of repair parts without restriction.

I think it goes without saying that it makes very little difference what kind of a machine you have if only a little cog wheel breaks, it may seriously hinder the harvesting of a crop.

Mr. MULLIKEN. That is right.

Mr. HOEVEN. All too many people in this country think that food grows on trees and they do not appreciate the necessity of a little repair part, perhaps, being the determining factor as to whether or not a crop will be harvested at any particular time.

Mr. MULLIKEN. That is correct.

Mr. HOEVEN. Following up the statement just made by you, and the questions asked by Mr. Abernethy as to the black market, I recall that in the hearings before this committee during the war some of the farm-machinery manufacturers told us that when they found out that their dealers were engaged in the black market they canceled their contracts.

Has your association ever thought of going that far?

Mr. MULLIKEN. There have been instances in which memberships have not been renewed. We know of instances in which franchise contracts have not been renewed. Of course, without a contract, without being in the business, they are not eligible for membership.

Mr. HOEVEN. Do you not think that is a very effective method to pursue, if necessary?

Mr. MULLIKEN. I think that is definitely advisable, but on the other hand we need to employ everything that we can, and if we can prohibit them from being moved in interstate commerce it would help. I speak of the identifying number because of the value it is to a farmer later on in purchasing his repair parts, having that identifying serial number.

Mr. HOEVEN. I am in accord with you on that. I think we should have legislation that would prohibit the transfer in interstate commerce of machines that have their serial number removed or altered or defaced.

What is your association doing about channeling farm machinery into the areas where it is needed most?

Mr. MULLIKEN. We have nothing whatever to do with the distribution to dealers. That is handled by the manufacturers.

Mr. HOEVEN. I appreciate that, but do you not try to assist the manufacturer in determining where the machine would be needed most?

Mr. MULLIKEN. They have never required any assistance. They have had a lot of experience. All of the companies are in the neighborhood of a century old, that is, not all of them, but most of them. And they have had basic experience for years on the need for machines.

Just at the moment in the chairman's district where there is an increased call for cotton production there is quite a movement on to get additional large machines to be used in preparing the soil and planting and harvesting cotton down in that area.

Mr. HOEVEN. I appreciate the relationship that is built up between the distributor and the retailer in the farm-machinery trade. It is set up more or less on a historical basis, is it not?

Mr. MULLIKEN. That is right.

Mr. HOEVEN. If a man has been selling a certain number of machines in 1950 he will be pretty well taken care of in 1951?

Mr. MULLIKEN. Based upon a change in the cropping such as occurs in the South.

Mr. HOEVEN. I recall that during the last war a lot of machines went into a particular area, for instance, where they were not needed at all, which resulted in black market operations.

Mr. MULLIKEN. The industry did not distribute them during that period, sir.

Mr. HOEVEN. We have had testimony before this committee that certain types of machines were sent into areas that did not need them, based upon the historical understanding between the dealer and the manufacturer.

Mr. MULLIKEN. I thought your reference was back to the distribution under rationing when it was done by the Government. It is only natural that in the handling of a volume of better than a billion and a half in equipment a year that some mistakes can be made.

Mr. HOEVEN. Does your association do anything to try and iron out situations of this kind?

Mr. MULLIKEN. We are always in continuous conference.

Mr. HOEVEN. I am anticipating that we may have the same trouble within the very near future.

Mr. MULLIKEN. Whenever we can be of service we are here for that purpose.

Mr. HOEVEN. I think you have very well set out that we are in about the same position we were in 1942 when this committee made a report to the President of the United States stating in part as follows:

> We are convinced that the various agencies connected with the war effort have not shown proper appreciation of the importance of agriculture in winning the war.

Mr. MULLIKEN. Undoubtedly, you have not changed your mind.

Mr. HOEVEN. Almost 10 years have passed and we are in the same position that we were before. I think we should have objectives. The first is to get proper recognition of agriculture in the defense set-up.

The second is to get farm equipment and machinery branch established immediately in the defense set-up.

Is your association doing anything to prevail upon the National Production Authority to get these jobs done?

Mr. MULLIKEN. Certainly, the industry has made plenty of effort, and I trust the statement that I made this morning will be a contribution toward that end.

Mr. ALBERT. Do you not think that in view of the fact that we will, probably, not be able to get the new machinery it would be unwise particularly to place any arbitrary limit on the amount of spare parts that might be required?

Mr. MULLIKEN. I feel so. Our entire organization feels that it would be a mistake to try and limit the production of needed repair parts.

Mr. ALBERT. We are liable to run into a protracted period during which we cannot build new machinery, and if we go to fixing arbitrary limits on the amount of spare parts we may run into a situation where we are not going to be able to do the job at all.

Mr. MULLIKEN. In the last war we had an initial limitation of 105 percent under L–26 and then 130 under L–170. Under the final order L–257 there was unlimited production.

If we should profit by the experience of our recent war, we should start out immediately with what we wound up with; then which came in 1944, which was unlimited production, and not put a limitation of 105 percent as was suggested.

Mr. ALBERT. I agree with you.

Mr. ABERNETHY. I would just like to say that I do not know whether or not the report made by Senator Truman's committee was ever delivered to the White House or not, but I want to assure you that we will see that it is delivered for the benefit of the President Truman and we have no reason to believe that what President Truman will give it the treatment that Senator Truman recommended.

Mr. MULLIKEN. We hope so.

Mr. ABERNETHY. Thank you very much.

Mr. MULLIKEN. Thank you.

Mr. ABERNETHY. Mr. Heimburger, your next witness.

Mr. HEIMBURGER. The next witness is Mr. Howard P. Faust, who speaks for the Dairy Industry Supply Association.

Mr. ABERNETHY. Before you begin, Mr. Faust, I would like to interrupt to insert in the record at this point a statement by Mr. Ben Stong of the National Farmers Union.

(The statement of Benton J. Stong, National Farmers Union, is as follows:)

STATEMENT OF BENTON J. STONG FOR THE NATIONAL FARMERS UNION, BEFORE THE SUBCOMMITTEE OF THE HOUSE AGRICULTURAL COMMITTEE, INVESTIGATING FARM MACHINERY SUPPLY, MARCH 20, 1951

The National Farmers Union feels strongly that very positive action is needed in the defense mobilization agencies to assure an adequate supply of farm machinery.

The manufacture of nonessential goods needs to be stopped wherever it competes with farm machinery for critical materials. Beyond that, we feel there should be allocation of materials between essential uses to assure a balanced mobilization.

The failure of mobilization agencies to date to establish a carefully planned system of allocation of critical materials can, if continued, result in a lop-sided and bottle-necked mobilization which will be little better than no mobilization at all. As of today we have the prospect of an abundance of passenger automobiles. Their production has been at record levels in recent weeks. But we also have the prospect of a shortage of combines for a greatly expanded wheat crop. Certainly common sense dictates a correction of this and many more similar situations.

The requirements of agriculture for machinery and maintenance items to meet increased food and fiber production demands should be subject to estimate within a reasonable degree, making allowances for increased acreage goals and withdrawal of manpower from agriculture by the armed services and defense industries. Given such estimates, we feel that the defense mobilization agencies should go about making provision for the manufacture of the necessary equipment, using whatever authorities are necessary to see that needed materials get to the manufacturers.

Up to the present, too many half measures have been adopted by the National Production Administration. It is our understanding that only military supplies, certain boats, and boxcars have been given positive priorities for steel. Beyond that, farm-equipment manufacturers must compete with passenger-car makers and thousands of other manufacturers of even less essential goods for their materials. We hear that a gray market is already developing in steel, a market which farm-equipment makers cannot enter, even if they would, because of price controls.

We should be stockpiling farm equipment and repair parts. If the world situation becomes more acute, or we are suddenly involved in an all-out war, production of military supplies unquestionably will be further increased. There will be even less metal for farm machinery. Instead of stockpiling passenger cars for the tourist trade, our farm-equipment plants should be running at record levels as a hedge against an even more stringent materials situation. The Farmers Union has suggested to officials that it would be well for the Commodity Credit Corporation to supply a special inventory credit to farm-equipment dealers, so they might stockpile repair parts for farm machinery in their communities. We feel this would be an advisable immediate step. It would create a repair-part stockpile out in the rural areas, where needed, and would not alter business patterns.

The NPA, in its apparent effort to interfere with business just as little as possible, is adopting wholly inadequate measures, in our opinion, to get balanced mobilization.

Your committee has rendered a very great service to agriculture in spotlighting the fertilizer, manpower, and farm-machinery situations confronting farmers. We are sure that you will make the strongest sort of representations to the appropriate agencies to assure adequate farm-machinery and repair-part supplies.

Mr. ABERNETHY. You may proceed, Mr. Faust.

STATEMENT OF HOWARD P. FAUST, PRESIDENT, R. G. WRIGHT CO., BUFFALO, N. Y., AND CHAIRMAN OF COMMITTEE ON ESSENTIALITY OF DAIRY-PROCESSING EQUIPMENT OF DAIRY INDUSTRIES SUPPLY ASSOCIATION

Mr. FAUST. Mr. Chairman and gentlemen, I am Howard Faust, president of the R. G. Wright Co., of Buffalo, N. Y. We are a small concern manufacturing dairy-processing equipment. It happens that in the last war, in the Office of Production Management, predecessor of the War Production Board, I set up the first program to deal with materials-shortage problems in the dairy industry, and I administered that plan in the War Production Board. I am now chairman of the

committee of the Dairy Industries Supply Association which deals with materials and controls problems. That organization is composed of 400 companies which supply just about everything for the dairy-processing industry except the milk itself. Dependent upon these few hundred companies for supplies and equipment are some 30,000 dairy plants in this country—fluid milk, butter, cheese, ice cream, evaporated, condensed, and dry milk. Dependent upon the processing and distribution of milk and dairy products in turn are the vast majority of American farmers—approximately 4½ million of them—and all of the Nation's 150 million consumers. It is obvious that milk without equipment to take care of it is just as useless as equipment without milk. Unless small amounts of materials needed for dairy equipment are made available speedily to take care of milk from the farm to the consumer, there is sure to be a disastrous waste of man's most perfect food.

I would like to call your attention to a report on the essentiality and requirements of the dairy industry which has been distributed to your committee. It shows the vast extent of the dairy industry, which supplies to the Nation the only single food which of itself is able to sustain human life, a food which furnishes about 30 percent of the American family's food requirements, and which incidentally takes only about 15 percent of the average food budget. In this booklet I would like to call particular attention to pages 4 and 5, which dramatize what we have called the milk life line, a continuous chain of production, transportation, processing, and distribution which gets milk from the farm to the home. If one single flaw breaks just one link in this continuous chain, the entire milk life line is broken. This may happen for lack of only a tiny amount of a particular material; for example, if the dairy-equipment industry fails to receive that one-half of 1 percent of the Nation's nickel supply which is essential for certain pieces of vital dairy equipment.

After the continuous-chain illustration, this booklet, which I hope all of you will examine later, shows the amounts of milk and dairy products, including military uses, annually consumed, together with the equipment necessary to produce them. The last part of the report specifies the equipment needed for the dairy-processing job and indicates what will happen if the industry does not get the necessary materials to do its job.

The dairy industry is in the same boat with producers and processors of other vital foods; in the same boat with farmers who need manpower, machinery, fertilizers, and other facilities; and in the same boat with our military establishments that are simply not able to defend this country unless they have behind them a thoroughly mobilized Nation. Machinery, equipment, and supplies are needed for dairy processing in the plant, just as they are needed for producing milk and other foods on the farm. Chemicals are needed for plant sanitation just as they are needed for insecticides and disinfectants on the farm. Containers and transportation and many facilities are needed in the dairy industry just as indispensably as they are needed in the dairy farmer's milk-cooling room or milking barn. Unless we maintain every link in the lifeline of food, our economic and health structure will bog down and so then, too, will our military program also.

The dairy industry was among the first is this country to recognize the need for a complete preparedness program. Sometime before the start of the Korean War, the dairy-processing industry made a report to the National Security Resources Board, reviewing our experience in the last war, indicating requirements for the maintenance of our industry, and recommending the kinds of actions that we believed would be effective in a future emergency. And, before the start of the Korean War, the Dairy Industries Supply Association formed the committee, of which I am now chairman, to make detailed plans for meeting any new crisis. Promptly after the outbreak of the Korean War, a survey was conducted among dairy-processing-equipment manufacturers to determine the critical materials actually used annually since 1947. At the same time, our association kept in constant touch with conditions in the industry.

Materials shortages have hit us very hard and have been getting progressively worse. Actual documented reports show that most of the companies in our industry have either run out of certain critical materials, or at least find their inventories so low that they cannot schedule production into—or, at the best, beyond—the next quarter. To start a piece of equipment they must have assurance that they will get the materials necessary to finish it. That assurance they do not have.

Some companies have taken military contracts, often in lines completely different from their normal products; this will enable them to keep open, but will rapidly absorb all their capacity. Other companies lack plant facilities suitable for the types of defense contracts now being offered. Unless there are swift changes in the allocation of materials, these plants will have to close. In the case of either of these types of companies, it is obvious that the dairy farmer, the dairy processor, and the milk and dairy-products consumers also are going to lose, for the milk lifeline will still further be broken.

Let me explain a fundamental principle which is used in every manufacturing operation that I know of. When an order is received for a certain piece of machinery, we make up bills of materials, itemizing all of the components and raw materials that are needed, with exact specifications as to shape, size, quantity, and so forth. But no company can operate by ordering just so many nuts and bolts, so many steel plates, so many instruments, and other items on the bills of materials to fill that one order. What is necessary is to examine all of the urgent orders received, match them against components and materials on hand, and then place orders with suppliers to balance out the manufacturer's inventory. A "lead time," varying by the product to be made, of from 60 days to a considerably longer period is required between receipt of a customer's order and the completion of manufacture, to keep production moving in our field (which is not a mass-production field). Now, you can imagine how helpless an industrial operation is when it doesn't have the slightest idea if or when it is likely to get some one critical material, however small in quantity, for which there is no substitute and which is essential for manufacturing. Whether it will ever get that material is actually the problem now. The manufacturer simply cannot continue.

Many problem cases have been presented by manufacturers of dairy-processing equipment to the Government agencies that have the power

to act upon them, and I presume that some few of these have been called to the attention of Members of Congress. All of them reveal the conditions I have just described. I wish to tell you about two of them in particular. They had the support of the Department of Agriculture. There was conveyed to the National Production Authority, for the Secretary of Agriculture, the Secretary's own justification of these appeals for relief, because they were recognized by the Department of Agriculture, as the claimant agency for the food industry, to be significant appeals. The appeals were presented to NPA by the companies and representatives of the Department of Agriculture just 4 weeks ago today. The appeals have not yet been granted. Numerous other appeals have shared their fate. Clearly something is wrong here. Where is the lack of understanding? Where is the road block that prevents action?

Our committee and other representatives of the dairy industry have repeatedly gone before Government officials to explain individual hardship cases and to describe the crisis faced by the industry as a whole. We have talked to some of these officials over and over again. In the Department of Agriculture we have gone from the Dairy Branch on up through the Production and Marketing Administration to the Secretary. We have also been in touch with many officials in the National Production Authority and the superagencies above it, from technical men in the appropriate industrial divisions to agency heads. On November 28 last year a resolution urging allocations of materials for dairy-processing equipment was unanimously adopted by associations representing all dairy-products fields, and this resolution was transmitted to the President and his top controls officials. On January 20 we presented testimony before the Senate Committee on Small Business, which, as you may know, issued a report strongly critical of the National Production Authority for failure to take necessary actions to solve materials problems.

Wherever we have gone, we have emphasized our industry's essentiality, with which everybody has seemed to agree—at least in theory. We have shown concrete evidence of the critical situation with which we are faced and the dangers involved for the Nation as a whole. At one point late last year, at the invitation of the Department of Agriculture, we collaborated in drafting a temporary emergency plan to keep our industry in operation until such a time as a comprehensive controlled materials program may become effective for the economy as a whole; this plan had all of the elements required to be put into operation immediately but it was never adopted for reasons which I will bring out in a moment. We have gathered all the statistics, prepared all the documentary data and have done everything else which we have been asked to do by the Government officials authorized to deal with our problem. From the beginning of the emergency onward we have advocated an immediate allocations program to enable us to maintain the dairy industries on a maintenance, repair, and necessary replacement basis. There has been no effective action in response. Food is something National Production Authority appears to take for granted. Maintenance of a dairy industry with a $10 billion product essential to our economic integrity and our people's health is not, apparently, so far, something NPA considers it need be concerned about.

Even though I am oversimplifying a bit for brevity, let me report the typical governmental attitudes that we have encountered in our contacts. In the early months of the present emergency there appeared to be a standard governmental assumption that perhaps a thorough program for allocating critical materials could be avoided, or at least postponed for a long time, by relying upon voluntary restraints by consumers and manufacturers and by limited Government measures designed to curtail purchasing power—such as higher taxes and credit curbs. In recent months Government officials have advised us that a program similar to the controlled materials plan of the last war would be in effect by about July 1. Realistically, we cannot depend upon this possibility for a number of reasons: First, in the last war it took more than half a year after CMP was established on paper before its results took hold in the form of making materials available equitably. Second, the governmental argument that personnel cannot be recruited fast enough does not hold water in the case of our industry because we have advanced a temporary emergency plan which can be put into effect immediately with manpower already available. I presume also that similar plans could be used for other essential industries as well while we are waiting for a comprehensive program to become effective. Third, there is a good answer to those Government officials who contend that an allocations program for a single industry such as ours would create a snow-balling demand for similar programs faster than they could be put into operation; actually, a temporary emergency allocations program could be applied to each industry, one by one, which meets certain qualifications which have already been met by the dairy industry.

The Government could in effect say to any industry requesting allocations that a program for such an industry will be acted upon as soon as the following points are established:

(1) that the industry is essential—and of course food, including dairy products, falls into this category;

(2) that concrete evidence of criticalness has been demonstrated—and this has certainly been done in the case of equipment for the dairy industries;

(3) that statistical data are available upon which an allocation program can be based—and, as I have mentioned, our industry has supplied statistics on historic uses of scarce materials and all other data requested by Government officials;

(4) that a practical program can be worked out for immediate adoption—and in the case of our industry the proposal which we drafted in collaboration with the Department of Agriculture I know would be practicable because I operated such a program in the last war;

(5) that an immediate allocations program can be carried out with available personnel—and I know personally that this can be done because in effect I launched this kind of program in 1941 with no help except one part-time secretary.

It may seem puzzling that the Government refuses to take immediate action which will make materials distribution equitable, especially in view of the expressions of sympathy and good will that we have so often received. I believe the fundamental trouble is that top policy officials in controls agencies—regardless of the pleasant words

they use—fail to accept in reality the basic principle that real preparedness involves complete mobilization beyond military procurement. In a thorough preparedness program you cannot simply draw a line neatly between military procurement and civilian requirements. This attitude was shown to be a fallacy during World War II and I am frankly amazed to find that we are repeating the same mistakes despite all our experience. In the end you cannot avoid making determinations as to different degrees of essentiality. From my experience I know that this has effectively been done only by starting at both ends and working toward the debatable middle zone—namely, by giving first recognition to the most obviously essential things and at the same time placing drastic curbs on the obviously nonessential things. In this way as you work along you can conserve the critical material you have and advance gradually toward a complete materials control program.

In all fairness let me say that the Government officials we have contracted have been entirely courteous and the most of them—some, however, only in the abstract—sympathetic. Many, many operating people below the top-decision levels have shown a good understanding of our problems and a willingness to do everything they can within the limits of prevailing policies. Further, we are told that the Department of Agriculture is advancing the view that food is not merely a civilian matter but actually as essential for national defense as outright military procurement; and it is further reported that this view has the support in principle of the Secretary of Defense.

It seems fair to assume that the final responsibility to put such a principle into action rests with ODM Director Charles E. Wilson and DPA Administrator William H. Harrison, along with NPA Administrator Manly Fleischmann. From what I know of these men personally, they are entitled to much respect but they do control policy, and the NPA policy now is to give the barest routine attention—and only at lower and intermediate levels—to insuring a continued supply of diary processing equipment—in fact, of all food processing equipment. Men in the various industry divisions of NPA who understand the food processing equipment situation tell us they are powerless to alter NPA's present attitude—that there is a policy fixed above them with which nothing successfully can collide. Small-business men coming to Washington cannot except to drop in on Mr. Fleischmann, General Harrison, and Mr. Wilson. They can explain a situation only to subordinates—in some instances subordinates, true, of considerable rank. These subordinates apparently have instructions to hew always and only to one given line—to stall along, so far as the food field is concerned, until someday a broad controlled materials plan can be laid down. Again we say it seems to us that something is wrong here, and that the dairy industry—and the public—have a right to find out where barriers are and by whom and why they have been put up.

Gentlemen, the kind of immediate program which I believe is called for by the present emergency could be put into operation by taking the following four steps:

(1) A screening of defense orders placed by Military Establishments to eliminate much completely nonessential and extravagant use of critical materials. I am personally not in position to testify at first-hand on the waste of critical materials by Military Establish-

ments, but there are so many reports on this matter in circulation that I believe a careful screening of defense orders to conserve critical materials would be of value, especially for orders that do not involve direct fighting equipment and those which are not urgent from the time standpoint. Waste of critical materials in nonfunctional uses by military establishments consumes precious supplies, cripples civilian operations and in the end hampers the military potential just as truly as does waste in the civilian field.

(2) A courageous cut-back in the use of critical materials for clearly nonessential civilian uses. I am aware that very mild limitations orders have been issued to cut down on some of the most flagrant luxury uses of critical materials. However, it is a matter of common observation that such curtailment has not gone fast enough nor far enough to stop the waste of great quantities of critical metals and other materials. We are not yet acting in this like a nation in a real emergency.

(3) Genuine hardship cases due to inability to obtain materials could be relieved in many cases if the National Production Authority would issue forthright directives to suppliers to furnish materials ordered for essential purposes. I am aware that NPA attempts, to a degree, to relieve hardship cases, but there are several things wrong with the present procedure. First of all, the number of such cases is too great to permit adequate attention to very many of them, at least in time to do any good. When relief—rarely—is approved, in most cases DO ratings are granted, but at present suppliers already are booked on DO-rated orders for many months ahead. It has been the experience of our industry that stainless steel, for example, cannot be obtained before November without special action by NPA, that it takes at least 10 to 12 weeks even with DO ratings, but that a directive may produce results within 6 to 8 weeks. Even that, of course, is too slow to provide true relief usually. A more urgently timed type of directive is often needed.

(4) A temporary emergency allocation of specified quantities of certain materials to meet the minimum requirements of essential industries. As I have pointed out before, the dairy industry advocated and participated in the preparation of such a plan late last year and is fully equipped in every way to put it into operation immediately. Further, the same sort of plan could be extended to other industries that are essential, in a critical situation, equipped with the necessary statistics and other data, and prepared from a personnel standpoint. A temporary emergency allocations program as indicated would enable manufacturers to schedule such production as would assure a requisite minimum output for replacement or defense dislocations needs. It is especially difficult to understand the absence of an immediate allocations program for the dairy industry considering the fact that NPA has allocated steel for railroad cars and Great Lakes barges; has allocated tin plate for fruits and vegetables; has put into effect special programs for machine tools and heavy power equipment, and so forth. In effect, NPA is refusing to do in our industry what it has done piecemeal in other fields—without denying the full merit of the dairy industry's case.

In summary, I am suggesting immediate adoption of a four-point program, all parts of which can and must work together simultaneously:

(1) Cutting back nonessential military uses of scarce materials;

(2) Rapidly curtailing the use of critical materials for nonessential civilian purposes;

(3) Using outright directives to relieve the worst hardship cases for individual companies;

(4) Allocating to essential industries specified amounts of necessary materials.

I am not questioning the good motives of anyone. I am saying that the most critical question before all of us is, not our ultimate purposes, but just how most speedily and effectively we can apply action to that purpose. In the hope that this distinguished committee can do much to bring about sound, speedy, saving action, I leave for your earnest consideration the suggested four-point program which I believe can help the farmer, the businessman, the millions of consumers of food, and the preservation of the Nation.

(The report on the essentiality and requirements of the dairy industry has been filed with the committee.)

Mr. ABERNETHY. I am just curious to know what the people in these various defense agencies told you, or whoever appeared before them for your industry; what did they say?

Mr. FAUST. They were entirely noncommittal.

Mr. ABERNETHY. You mean they did not listen?

Mr. FAUST. They listened and they said that they understood that the food industry was an essential industry and they would see what could be done about it.

Mr. ABERNETHY. Did they listen with one ear or two?

Mr. FAUST. In the lower echelons they listened with two ears, because in the lower echelons you have some very, very able men who have had experience in this field who understand the problem; in other words, they can visualize themselves in the plant that is receiving, we will say, 1,500 cans of milk a day and they can see those trucks driving up before that platform and they can find the can washer broken down. What will you do with the milk? Are you going to return it to the farmers?

I say the people in the lower echelon, to them that means something. And they are wholly in accord with us, I would say. And the same way in the Department of Agriculture, they understand the program, but some place when we get up near the top levels the people that determine the policies, the people that decide whether or not the materials are to be allocated or not, those people, we get some attention from them, but even after leaving the conference you are relatively sure that no real impression has been made.

I would like to add that the strange thing is this. We are manufacturers of other products besides dairy machinery. I repeat, the strange thing is that we are receiving and able to get materials for totally nonessential industries just as readily as for the dairy industry. That I cannot comprehend.

It seems to me that there must be some determination of essentiality. We are stockpiling what materials we can get that can be used for dairy machinery, because that is our fundamental business, but we are getting materials that are just as hard to get and using them

in totally useless or I would say totally nonessential purposes, such materials as we cannot use in the dairy industry, but are equally hard to get. That to me is the amazing part about it.

Also, here is agriculture being designated as a claimant agency and they do not seem to be able to claim anything so far as the National Production Authority is concerned.

Mr. HOEVEN. How do you account for such an antagonistic attitude toward agriculture?

Mr. FAUST. I do not believe it is that.

Mr. HOEVEN. Is it that the farmers are making too much money, or what is back of it?

Mr. FAUST. I do not believe it is actually antagonistic.

Mr. HOEVEN. They are, certainly, not doing anything.

Mr. FAUST. It is a total disregard. I think that they are seeing a very small picture tied around these materials and, also, seeing their own problem rather than the problem of the Nation. Certainly it will be a difficult thing for them to set up these individual programs.

Mr. HOEVEN. They are taking care of allocating steel for railroad cars and barges and tin plate for fruits and vegetables.

Mr. FAUST. I would say that practically all of that is due to military pressure.

Mr. HOEVEN. Then, perhaps, agricultural interests should put on a little more show of force, is that the answer?

Mr. FAUST. I would think that would be very, very helpful, sir.

Mr. ABERNETHY. Would you suggest picketing?

Mr. FAUST. If you can picket the right officers.

Mr. ABERNETHY. It is rather effective sometimes.

Mr. FAUST. Yes.

Mr. ABERNETHY. Are there any further questions?

Mr. Heimburger?

Mr. HEIMBURGER. What specific materials are you finding most difficult to obtain at this time?

Mr. FAUST. The No. 1 problem is stainless steel. Stainless steel is a product which the dairy industry helped to develop.

At one time we were one of the largest users of stainless steel in the country. On the basis of the introduction into industry of stainless steel we revolutionized the dairy industry in the processing of it, and we became entirely dependent on it.

Mr. HEIMBURGER. You use that for the equipment that comes in direct contact with the milk?

Mr. FAUST. In direct contact with the milk; yes. And we have built our whole process over the past 10 years on the fact that stainless steel exists. The result is that we are helpless to find a substitute. There is no substitute in our process.

Mr. HEIMBURGER. And you use normally how much—how large a percentage of stainless steel?

Mr. FAUST. I think it is about half a percent of the total nickel and 1 percent, we will say, of the stainless steel used in the country, which is a very small amount for such an essential industry.

Mr. HEIMBURGER. Has there to your knowledge been a curtailment of the production of stainless steel?

Mr. FAUST. Yes, sir; I believe there has been a curtailment due to the shortage of nickel, which has diverted a small amount from stainless steel, but there is a large demand for stainless steel at the present

time. My guess is that there is not over 25 percent of the normal stainless steel available to civilian industry.

Mr. HEIMBURGER. Are there any nonessential products that you know of that stainless steel is now being used for and appears to be available for?

Mr. FAUST. Yes, sir.

Mr. HEIMBURGER. What are some of them?

Mr. FAUST. One of them is kitchen equipment. At the present time, unless I have failed to carefully read the limitation orders or comprehend them, you can build any type of industrial kitchen or cafeteria equipment, such as dish racks, pot racks, glass cabinets, all kinds of tables, out of stainless steel. There is no limitation on it.

Mr. HEIMBURGER. These toys that have shiny parts on them, appear to be nickel, do they have nickel or stainless steel in them?

Mr. FAUST. Some of them do, but I believe that is curtailed.

Mr. HEIMBURGER. Is there any other product besides stainless steel that you are having particular difficulty in getting?

Mr. FAUST. Yes; carbon steel. Copper is difficult. You can almost go through a list of all of the materials, but the one on which our industry is based, all of our processing of milk is done in stainless steel, and we have no substitute for that.

Mr. HEIMBURGER. That is all.

Mr. ALBERT. It looks as though your organization has really been working on this matter. It is kind of discouraging to find the results you have gotten.

Mr. FAUST. That is right, sir. I have done very little of the real work myself, but as I look back over the campaign that we planned and that we worked on I do not know how it could have been improved on. We have seen everybody. We have spent I do not know how many man-days from the industry in Washington calling on everybody that we felt might be concerned with our problem. We started as we indicated here way back in May, and if we failed to accomplish anything it is not from lack of endeavor on our part, nor is it lack of understanding of the problem because we have men in our industry, such as myself, who have been through this before and know how these controls work.

Mr. ALBERT. We have been admonishing everybody to get to work, put the pressure on them, but I do not know whether it will do any good or not, based on your experience. That is all.

Mr. HOEVEN. Have you any further suggestion as to what this committee might do? You have made some suggestions. We can make another report. Will that serve a useful purpose?

Mr. FAUST. I think it would help us if somebody could find out really why nothing is being done, it would be of great interest to all of us and the manufacturers.

Mr. HOEVEN. That is the very purpose of these hearings. I think the reason why something has not been done is because agriculture is not represented in the top echelon of the defense set-up.

Mr. FAUST. I think you are right, sir.

Mr. ABERNETHY. If there are no further questions, we thank you very much, Mr. Faust.

Mr. FAUST. Thank you.

Mr. ABERNETHY. Who is the next witness, Mr. Heimburger?

Mr. HEIMBURGER. The next witness is Mr. J. L. McCaffrey, president of the International Harvester Co., and also, president of the Farm Equipment Institute. Before Mr. McCaffrey begins his testimony I would like to tell the committee there are two other witnesses, also representing the Farm Equipment Institute; Mr. Barr, of J. I. Case Co., who is chairman and has been for many years of their materials committee and who is an expert on materials necessary to make farm equipment, and Mr. Megran, who is chairman of their executive committee, and who appears particularly at our invitation because he is representative of a small-equipment manufacturer.

Mr. ABERNETHY. I want, first, to say that you people have long ago manifested considerable interest in this problem. We are familiar with the effort you have made. I wish that the recommendations of your institute had been followed, but they do not seem to have been. You may proceed with your statement.

STATEMENT OF JOHN L. McCAFFREY, PRESIDENT, FARM EQUIPMENT INSTITUTE, AND PRESIDENT, INTERNATIONAL HARVESTER CO.

Mr. MCCAFFREY. Mr. Chairman and gentlemen, your telegram inviting a representative of the Farm Equipment Institute to appear before this subcommittee stated that it was your purpose to "survey present farm machinery situation and future requirements in effort to avoid mistakes of early World War II regarding allocation of materials, etc."

I need hardly tell you gentlemen that the members of our industry are vitally interested in avoiding any repetition of those mistakes, since most of us who survived that period of confusion still bear the scars. We thank you for the opportunity to be heard here.

Our purpose in appearing is to try to give you any information that will be helpful to you and to the Government generally. As private citizens, we cannot say what the Government's precise policy toward farm equipment manufacture should be. This is true because we do not know and cannot know what the national requirements are for military production, and what diversion of materials, facilities, and labor is reasonably required to meet those needs. Only the Government has that information.

However, I believe we can tell you something of the present farm situation, the present farm machinery situation, and the pitfalls which should be avoided in any program in which the Government undertakes to limit or to direct farm equipment manufacture as an emergency measure.

I would like to begin with a brief sketch of the history of Government control of farm equipment manufacture during the last war, so that you may all have it freshly in mind.

Government limitation began theoretically in July 1941, during the so-called defense period. On July 23, 1941, the Government limited production for August, September, and October—the remaining months of the industry's fiscal year—to 120 percent of the production in the corresponding months of 1940. This, in fact, was about the operating rate which then existed in the industry and had no practical effect.

Actual limitation began on December 31, 1941, when the Office of Production Management issued its limitation order L–26, covering the 1942 fiscal year, the period from November 1, 1941, to October 31, 1942. This order restricted production to about 83 percent of 1940 production and was a substantial reduction.

On October 19, 1942, the War Production Board issued limitation order L–170 to govern the succeeding year. In theory, it established production at about 20 percent of 1940. However, it was complicated by a so-called concentration plan. Under this plan, manufacturers were grouped in three classes. Class A included those whose sales in the calendar year 1941 exceeded $10,000,000. Class B included those with sales between $750,000 and $10,000,000. Class C included those with sales of less than $750,000.

Quotas for manufacture were set for each class of producers on each category of machines. Preferences were established, with class C producers favored first, then class B producers, then class A producers. As this worked out, a class C producer might be permitted to make 75 percent of his base-period production on a certain machine, a class B producer 25 percent of his base-period production and a class A producer none.

In the case of my own company, International Harvester, we were forbidden by the order to make any machines in more than half our normal categories of manufacture. Our production was actually reduced to about 14 percent of 1940. Generally speaking, the class A manufacturers were permitted to make in quantity only items which the smaller companies did not produce or were unable to produce, such as tractors.

This order, L–170, coincided with the rapid disappearance of farm labor and with increased food programs set by the Government, so that its effects were intensified.

At the same time the Government undertook to ration farm machines to farmers, not merely in the form of retail rationing but by setting up what was then called a complete distribution pattern. Manufacturers were forbidden to ship most machines until they had been tagged for a particular county of the United States. The Government actually undertook to work out distribution patterns for every State and county for each category of machines.

The result was that even the small amounts of machinery that were produced did not reach farmers in time for the season of their use. Other difficulties came because the small manufacturers, who were used to doing business only in a limited area, had no national distribution facilities or service facilities.

Another effect of L–170 was that the great reductions in production resulted in the laying off of large numbers of employees, who promptly found work elsewhere. As a result, it was very difficult to replace these employees a few months later when the Government radically altered its policy and wanted farm equipment production increased rapidly.

This switch in Government policy took place in the winter of 1942–43, as officials began to hear from farmers who could not get the machines they needed. On March 6, 1943, the WPB revised upward the quotas for the more important farm machines. Other smaller revisions followed. Finally, on June 15, 1943, the WPB threw order

L–170 out the window and issued an entire new order, L–257, to cover the period from July 1, 1943, to June 30, 1944.

You will note that the time period of the new order was changed from the fiscal year of the industry, which begins November 1, to the fiscal year of the Government. Four months of what had been the period of L–170 were not covered at all by the new order. L–257 increased quotas substantially, abolished the concentration plan of L–170, and greatly simplified the distribution machinery of the Government. It also set the base-period for manufacturers as either 1940 or 1941, whichever was higher.

The Government estimated that L–257 would provide—in total weight, not necessarily in units—about 80 percent of the farm equipment that had been produced in 1940. Quotas were actually somewhat larger than that, since the Government added to the quotas of L–257 the remaining unbuilt quotas of L–170.

The result of all this was that a few months after it had virtually told the industry to go our of business, the Government was putting great pressure on the industry to build large quantities of machines and do it at once—retroactively if possible.

Then, as now, this was an impossibility. Materials had to be obtained, employees recruited, portions of plants reconverted. These steps took several months. But it is to the credit of this industry that a very swift job was done and good production was attained in a remarkably short time.

Finally, in March 1944, the Government issued new quotas under L–257, for the year July 1, 1944–June 30, 1945. This schedule was issued well in advance of its beginning date and gave the industry a chance for a running start on production. It was the last of the limitation orders, since controls were lifted as military hostilities came to an end, and the industry resumed control of its own business.

I apologize for boring you with this history, but it is a very instructive history.

In the first place, it shows that farm equipment, like any other industrial product, can only be produced in quantity when men, machines, and materials are available.

Secondly, it offers impressive testimony that farmers cannot carry on an accelerated program of production without additional machine tools of farming, any more than a manufacturer can greatly expand his production without increased machine-tool capacity.

Thirdly, it shows the desirability of a reasoned and moderate policy on the part of Government, designed to stay in effect over a considerable period of time, rather than subject to change with every wind.

Fourth, I hope it permanently underlined for people in Government the twin facts that farming is a seasonal business and that, consequently, farm-equipment production is also a seasonable business. Any limitation program the Government ever undertakes must be designed with these two facts in mind.

I'd like to spend a little time on that. You gentlemen, as members of this committee, undoubtedly know these facts, but it is probably worthwhile to mention them for others who may read or hear this testimony and who do not know them.

Proper farm practice in many parts of our country requires that soil be plowed in the late fall or winter. In others, spring plowing is

the practice. Moldboard plows for spring use should be in the hands of dealers, at the latest, during the period January 1 to March 1 of any year, depending on whether they are going to southern or northern districts.

During the L–170 period I have described, Government directives for shipping these spring plows were not even received until March 9, and because of delays in materials, their manufacture was not completed until April 15. Obviously they were too late in many cases.

Grain drills for spring seeding of small grain should be in dealers' hands by February 1. The shipping directive in 1943 was not received until March 3 and mauufacture was completed May 10.

Cotton planters should be in the territory between January 1 and March 1. That same year, the directive was received February 8 and manufacture could not be completed until April 15.

My only point here is that farming—unlike manufacturing—cannot be turned on and off by directive order. The months go by, the seasons come and go, the machines are either on hand, on time or they are not; and if they are not, production is bound to suffer. The seasonality of the farm equipment business should always be kept in mind.

I should like to turn now to our present situation. I will give you the best figures we have been able to find, from the standpoint of reliability and timeliness. I regret to say that most of the current figures are necessarily estimates, since I am told that the 1950 census data, which would be authoritative, have not yet been released.

Farm production depends, of course, on four basic things—the soil, the weather, the men, and the machines. We can do nothing very much about soil and weather, so I shall spend no time on them. Instead, I want to talk about the present situation as to men and machines.

The years since the end of World War II have seen high production and distribution of farm equipment. It is traceable to two causes—first, the replacement of obsolete or worn-out equipment; second, the necessity to increase mechanical power on our farms. This necessity also arises from two causes—our dwindling supply of farm manpower, and the desire of our farmers for improved efficiency in their production.

Let's take a look at tractors. The tractor, of course, is the basic machine of mechanized farming, because it is the source of power for nearly all operations.

In 1940, according to the census reports, there were 1,567,000 farm tractors on farms in the United States. I am sure these figures exclude the little garden-type tractors and are for real farm tractors, including both wheel type and crawler type. A reliable trade journal, Implement and Tractor, estimates that in 1950 there were 3,643,000 tractors on farms, an increase in the 10-year period of approximately 132 percent.

The combine, used in harvesting and threshing small grain and more than 100 seed and bean crops as well, is a very important machine in farm production and one of the greatest work savers. Here I cannot give you 1940 figures but can give you census figures for 1945.

In 1945, according to the Bureau of the Census, there were 374,000 combines on farms. In 1950 the Bureau of the Census and the Bureau of Agricultural Economics estimated there were 672,000. That is an

increase of about 80 percent. One reason for the increase, certainly, has been the increasing use of combines in areas where they formerly were seldom seen, such as the Southeastern States where increasing crop diversification has led to combining seed and bean crops.

The corn picker is a vital machine in the Corn Belt and a tremendous work saver. It is estimated by another reliable trade journal, Farm Implement News, that in 1942 there were 130,000 corn pickers on farms, whereas the 1950 estimate was 400,000. That is an increase of about 207 percent.

It happens that the three machines I have mentioned here are all machines of the type made by large companies. I have chosen them only because statistics on them are readily available. However, there are many other farm machines made by both large and small companies, and some made only by small companies, which are equally important to the farmers who use them.

In our industry there are a few large companies and many smaller ones, serving a local or regional trade. Such a company, for example, as a concern specializing in a line of plows for certain southern soils. Their situation is different from the large company's only in degree. Their customers look to them for service and for service parts as well as for new machines. They are equally vital to maximum farm production.

Now these three machines I have used as illustrations all show very considerable increases over the last 5 or 10 years. It is obvious that one can look at these figures in either of two ways. It is possible, for example, for one man to look at the figures and say, "Well, the farmers have certainly gotten a lot of new machines in recent years. They can afford to do without more machines for a while." That is one viewpoint.

On the other hand, another person, examining the same figures, may well ask himself whether the rate of growth is not a symptom of the much greater need of farmers for machines, a need that may exist on a permanent basis.

My own belief, and that of the Farm Equipment Institute, is that the latter is the correct view, but you gentlemen will form your own judgments on that question. We have some figures which tend to support our view, and I would like to present them to you now.

First, are some estimates made by the Bureau of the Census and the Bureau of Agricultural Economics, which I have gathered from the 1950 Economic Almanac published by the National Industrial Conference Board, a research organization with which I am sure you are familiar.

These figures have to do with the agricultural labor force as represented by men and boys 14 years old and older. They show that in April 1940 the male agricultural working force in this over-14 age group was 7,290,000 men and boys. By April 1948 that figure had gone down to 5,717,000—a decrease of 21.6 percent. And that, gentlemen, was 3 years ago, before the calling up of National Guard units, before the draft, before the proposed draft of 18-year-olds, before the later upsurge in industrial employment. I am sure there have been further losses of farm manpower since then. We have fewer people to carry on our farm production, at least one-fifth fewer farm workers than 10 years ago.

Now, secondly, there is the matter of the increased use of mechanized equipment in modern farming in our country. The Department of Agriculture has issued some figures, which again I have drawn from the Conference Board Almanac for 1950, on the source of power for 10 different field jobs on the farm. That is, they show whether the jobs were done by tractor power, by animal power or by hand methods. These are comparative figures, showing the changes that took place between 1939 and 1946. I think they are extremely significant.

I have tabulated the figures for the percentage of the jobs done by tractor-powered machines for the 2 years, to show the growth in the farmer's dependence on tractor power. Here they are:

	1939	1946	Increase		1939	1946	Increase
	Percent	*Percent*	*Percent*		*Percent*	*Prrcent*	*Percent*
1. Plowing, listing, etc.	55	82	49	6. Cotton planting	21	43	105
2. Disking	57	85	49	7. Potato planting	14	43	207
3. Harrowing	43	77	79	8. Cultivating corn	30	64	113
4. Drilling grain	49	79	61	9. Cultivating cotton	21	45	114
5. Corn planting	13	41	215	10. Small grain harvest	69	90	30

I have not tried to weight the relative importance of those jobs nor would it be possible to do so in any meaningful way for a national group of farms. But just striking a simple average of these 10 field jobs, I came out with an average increase in use of tractor-powered machines of 102.2 percent in the years between 1939 and 1946. And surely there have been other substantial increases in the 4 years since that time.

When we consider this 102 percent increase in the percentage of farm work done by tractor-powered machines, and consider also the decrease in the male working force on farms of around 22 percent, plus the certainty that manpower will decrease still more and that added production will be required on farms, it seems evident to us in the farm equipment industry that the farmer is not now overstocked with machines.

It is our judgment that any large cut in the output of farm machines now, taken at a time when farm manpower is certain to decline still further because of the defense program, and at a time when food and fiber goals are certain to be increased, would be a risky decision from the standpoint of the Government or the national interest.

I do not believe I need to argue to this committee, or to any adult who lived through World War II, the vital importance of farm production to our national security or the essential part that our industry plays in assuring farm production. I think we can take those facts for granted.

So I think we can also take it for granted that there will be no repetition of limitation order L–170. However, that does not get us much closer to the question of how much farm equipment production is needed or warranted. I have tried to indicate to you the present situation as to equipment on farms. I have also tried to indicate the manpower trend and the machine-use trend.

Now let us look for a moment at the consumption of materials by this industry. For example, let us assume, for the sake of discussion, that the Government decided there should be no reduction in the

production of farm equipment and instructed the industry to produce on the basis of 100 percent of their 1950 production. How much material would that take?

Last year the industry used approximately these quantities of important critical materials:

	Tons		Tons
Steel	2,760,000	Aluminum	16,850
Zinc	31,012	Tin	3,257
Copper	27,600	Nickel	911

These, of course, are relatively small percentages of the total national use of these materials. For instance, our 1950 steel requirement of 230,000 tons a month represents about 3.8 percent of the output of the steel industry. The use of nonferrous metals by our industry represents an even smaller proportion of the national consumption of those critical materials.

So, I think we can make two statements about the use of materials for farm equipment production:

First, if the Government decided that our industry should continue at the 1950 rate of production, it would not be a major drain on the national resources.

Second, if the Government decided that farm equipment production should be reduced, the amount of reduction should be studied with great care. A sharp cut in our output could have serious effects on farm production of food and fibers, while the possible savings in material would be relatively small at best.

There is one other point which I think should be emphasized in considering this whole question. It has to do with service parts production. I have not discussed service parts in my earlier recital of World War II history, but production of such parts is vital. We have to keep existing machines in steady operation. And any reduction in output of new machines balloons the demand for service parts in a period of large farm production.

During the last war, service parts production was considered No. 1. Even under L–170 it was set at 150 percent of the base period. I do not have industry figures but I can tell you that my own company, International Harvester, produced service parts during the war at anywhere from 150 to 200 percent of 1940 levels.

To sum up my comments, may I offer a list of do's and don'ts for the consideration of your committee or any other interested Government people who may be developing policy toward farm equipment production or possible limitations of it.

1. If there is to be limitation, issue the order far enough ahead of the time it becomes effective so that manufacturers can adjust their operations to meet it.

2. If you reduce the production of new machines, be sure that you increase the production of service parts, not by the same percentage but by a much greater percentage.

3. Remember that farming is a seasonal business and so is our business, and make all plans with plenty of lead time.

4. If production is restricted, then see to it that materials are allocated in sufficient quantities to carry out the restricted program, and on time.

5. If you value your peace of mind, don't get involved in trying to direct distribution. The industry has spent more than 100 years learn-

ing to do that job—and is just as interested as the Government in being fair to the farmer.

6. At the first possible moment after the emergency has passed, return the industry to free market operations and drop controls.

As I said at the outset, we in the industry do not and cannot know how pressing are the Government's other programs of production or the relative needs for materials. We can offer no statistics of a conclusive nature on the farmer's need for farm machines. But we can offer a bit of experience on this last point. It is this:

Over a great many years we have been building and selling equipment to American farmers. We have never observed that they bought anything they did not feel they needed. Farm machinery is production machinery. It is not bought from vanity or love of display. It is bought only when the farmer feels he can increase his production or his efficiency and thereby increase his profit. Otherwise it is not and never has been salable.

We think the farmer is the best judge of his own needs. If the production and sales of recent years had adequately stocked him with farm machines, he would certainly stop or greatly reduce his purchases. Neither of these things has happened. There has been no sign of a slackening in his demand—and therefore his presumed need—for farm equipment.

So much for our views on the long-range requirements for farm equipment in the present national emergency.

There is also, however, a short-range problem. It is an immediate and pressing problem as materials shortages curtail the production of company after company in our industry.

At the industry's request, the Government months ago appointed an advisory committee of our industry to consult with Government representatives. The advisory committee met with the Department of Agriculture and the National Production Authority.

In October, last year, the Secretary of Agriculture sent a letter to the Secretary of Commerce, stating that the minimum manufacturing program for farm machinery in 1951 should be 100 percent of 1949 on machines and 105 percent on service parts.

Still later, in January 1951, our institute issued a white book, in which we urged the Director of Defense Mobilization to issue a statement naming farm machinery and equipment as essential to the production of food and fiber, and consequently of vital importance to the national defense program.

Specifically, our white book added:

> We request further, in order to assure production in 1951 equal to or better than 1950, that steel companies and other suppliers of critical materials honor the purchase orders from each manufacturer of farm machinery and equipment for a tonnage of materials equal to the tonnage delivered during the best of the years 1948, 1949, or 1950.
>
> It is also suggested, where restrictions have been issued on the use of specific materials such as copper, that a workable appeals procedure be set up in the Defense Production Administration through which manufacturers of farm machinery and equipment can obtain relief.

In that same month, January 1951, the Department of Agriculture addressed a letter to the DPA, I am told, urging immediate action to provide materials for farm equipment production to avert a threatened crisis in April and May.

No action has been taken as a result of any of these warnings and recommendations.

Last Friday, the Department of Agriculture sent another letter to the DPA, which says that production in farm equipment has been falling off and that the shortage of materials has impaired farm equipment production. This letter asks that the Defense Production Administrator authorize immediate steps to guarantee materials for the farm equipment industry so that it can continue to operate in the month of June, and warns that without such steps, production by June will be very seriously reduced because of lack of steel and other components.

That was the situation as of last Friday. It is one which requires immediate action. The Government has already taken such action in a number of other cases—such as the oil industry, the freight-car program, and other defense support programs.

We submit that farm equipment is as vital as any support program yet recognized by the Government. We urge that the Government act—and act now—to insure the supply of farm equipment for food and fiber production.

(The booklet entitled "Farm Machinery and Equipment Necessary for the Nation's Agricultural Program—Volume II" is as follows:)

FARM MACHINERY AND EQUIPMENT NECESSARY FOR THE NATION'S AGRICULTURAL PROGRAM

FARM EQUIPMENT INSTITUTE,
Chicago, Ill., January 1951.

The Farm Equipment Institute published a statement during the month of November 1950 which has since been referred to as the farm equipment blue book. In that publication it was stated that farm machinery and equipment are the machine tools of the farmer—no less essential to him than machine tools to industry. Under conditions which existed in November 1950, the Farm Equipment Institute favored a free materials market with equitable free market distribution of materials to all manufacturers of farm machinery and equipment.

On December 16, 1950, the President of the United States declared a national emergency and has since created the Office of Defense Mobilization, which is placing further restrictions on the use of materials by civilian industries. In our blue book it was stated—if military material needs become so great that production of essential nonmilitary items is endangered, the industry should then be assured that the materials it must have to produce the farm equipment needs of the Nation will be made available.

Both large and small manufacturers now report that material shortages are seriously curtailing their current production. This situation will become progressively worse, unless suppliers are directed by the Government to see that adequate quantities of materials are provided to assure the necessary production of farm machinery, equipment, and repair parts. Prompt action is needed to increase present material deliveries in the first calendar quarter of 1951, and to assure continued deliveries of materials in the succeeding months.

For the duration of the present emergency, we now urge that critical materials be made available in adequate supply and in time to produce sufficient farm equipment to meet the needs of the Nation. We also advocate a prompt return to a free materials market when the present emergency has passed.

Agricultural production goals for 1951 are larger than for 1950, which means that the production of farm machinery and equipment in 1951 should be greater than in 1950. During the year 1950, the approximate consumption of several critical materials by the farm equipment industry was as follows:

	Tons
Steel	2,760,000
Zinc	31,012
Copper	27,600
Aluminum	16,850
Tin	3,257
Nickel	911

These tonnage figures, representing the materials required to produce the 1950 output of farm machinery and equipment, are relatively small percentages of the total national use of these materials. For example, as stated in the blue book, the industry's steel requirement of 230,000 tons per month represents only 3.8 percent of the output of the steel industry. Use of nonferrous metal by the industry as an even smaller proportion of the total national consumption of these critical materials.

As we understand it, the responsibility for an adequate program for the production of farm machinery, equipment, and repair parts has been delegated to the Office of Materials and Facilities of the United States Department of Agriculture as claimant agent; the responsibility for allocating materials has been assigned to the Defense Production Administration.

As a first step in the program of guaranteeing an adequate supply of materials, we urge that the Director of Defense Mobilization issue a statement naming farm machinery and equipment as essential to the production of food and fiber, and consequently of vital importance in the defense mobilization program.

We request, further, in order to assure production in 1951 equal to or better than 1950, that steel companies and other suppliers of critical materials honor the purchase orders from each manufacturer of farm machinery and equipment for a tonnage of materials equal to the tonnage delivered during the best of the years 1948, 1949, or 1950. It is also suggested, where restrictions have been issued on the use of specific materials such as copper, that a workable appeals procedure be set up in the Defense Production Administration through which manufacturers of farm machinery and equipment can obtain relief.

The members of the Farm Equipment Institute recognize that the United States Department of Agriculture may advocate much larger production of certain agricultural machines in 1951 than in 1950. To avoid unnecessary complications in administering a farm machinery program, it is suggested that these specific cases be handled, for the present, through an appeals procedure.

It seems unnecessary to labor the argument that agricultural production is of the first order of importance in any industrial mobilization of the country's resources for war or peace. Drought and famine strike friend and foe alike with little warning, and it is a historic role of the United States to feed the hungry at home and abroad. From the strict military viewpoint, food and fiber have seldom been on the losing side of any military encounter.

We wish to call particular attention to the population shifts during the period of World War II, when more than 5,000,000 people left farms for war plants, military assignments, and other nonfarm occupations. In this same period, it was necessary that agricultural output be increased to levels unprecedented in all of our Nation's history.

The unusually long period of favorable weather for agriculture experienced during the World War II years is not likely to be repeated during the next decade. Farm machinery can do much to overcome the handicap of bad crop weather—another very compelling reason for an assured and adequate supply.

During the year 1943, we came close to catastrophe in an unwise attempt to cut back farm machinery and equipment production to so-called minimum essential requirements. Farmers of advanced age whose able-bodied sons, daughters, and hired help had left the farms were asked for increased farm production without the necessary equipment to plant or harvest their crops.

As stated in our farm equipment blue book, "So much in the way of farm production depends on so little in the way of material and manpower that it would seem wise to plan for a safe agricultural program and for an adequate equipment program with which to produce it."

Respectfully submitted.

FARM EQUIPMENT INSTITUTE.
JOHN L. MCCAFFREY,
President.
H. B. MEGRAN,
Chairman, Executive Committee.

Farm machinery and equipment are the machine tools of the farmer and no less essential to him than machine tools are to industry

Mr. ABERNETHY. Mr. McCaffrey, was that so-called "white book" personally delivered to the defense agencies?

Mr. MCCAFFREY. Yes. And it was delivered to all of the members of the defense agencies; I think to all Members of Congress and the

Senate. I was instructed by the executive committee of the Farm Equipment Institute to mail a letter to Mr. Wilson, Mr. Harrison, and Secretary of Agriculture, Mr. Brannan, pointing out to them what this book said about the immediate necessity.

Mr. ABERNETHY. Did the officers of the institute have any conferences with Mr. Harrison, Mr. Wilson, or Mr. Fleischmann?

Mr. MCCAFFREY. Yes, sir.

Mr. ABERNETHY. As late as what date?

Mr. MCCAFFREY. The last date that we had a conference as a committee, I think, was about January 10th.

Mr. ABERNETHY. The "white book" was delivered at that time?

Mr. MCCAFFREY. Delivered previous to that.

Mr. ABERNETHY. At the conclusion of your conferences, were you advised that you would or would not be informed as to policy?

Mr. MCCAFFREY. At the conclusion of the meeting of the Advisory Committee we were informed that a division would be set up immediately in National Production Authority.

Mr. ABERNETHY. Who so informed you?

Mr. MCCAFFREY. The Government officials who were in charge of the meeting. Do you want the names?

Mr. ABERNETHY. Who were they?

Mr. MCCAFFREY. Mr. H. B. McCoy, held the meeting for the Department of Commerce.

Mr. ABERNETHY. Was the division set up?

Mr. MCCAFFREY. The division was supposed to be set up. And the immediate request was made to all members of industry who were present to suggest names of peoples who could come from industry to man this division. Our own company sent 10 names. I am sure various other ones sent many more.

Mr. ABERNETHY. Do you know who the personnel of that division is now?

Mr. MCCAFFREY. There is not any personnel that I know about as of today.

Mr. ABERNETHY. It has not been established yet?

Mr. MCCAFFREY. No. Unfortunately, one thing happened: The man who was selected to head that division, Mr. Chairman, after some months—and I should say within the last month or 6 weeks he was named to take over the division—unfortunately, passed away a week ago last Saturday, and since that time there has not been anyone appointed, although the institute made a recommendation yesterday again for another man to take over.

Mr. ABERNETHY. These conferences took place in January, the latter part of January, or when?

Mr. MCCAFFREY. As I remember it, it was approximately January 10, in that neighborhood.

Mr. ABERNETHY. That has been about 60 days?

Mr. MCCAFFREY. Yes.

Mr. ABERNETHY. And they had agreed upon someone?

Mr. MCCAFFREY. Yes.

Mr. ABERNETHY. And that gentleman passed away since?

Mr. MCCAFFREY. Yes.

Mr. ABERNETHY. I do not know that I would regard that as an unusual delay since there was an unfortunate intervention of fate. What

information do you have as to what consideration is now being given to another individual?

Mr. McCaffrey. There have been several men sent down here from industry to be "looked over," so to speak, for this job; and none has been selected.

Only yesterday the Farm Equipment Institute had a meeting in Chicago, selected and recommended as the head of this division, Mr. A. King McCord, who is president of the Oliver Co., who has said that he is willing to come down and take over this job, to do it for the good of the business and the good of the country as a whole. That was pointed out to them yesterday. Mr. McCord will be available next week.

I cannot tell you now whether he will be accepted or not.

Mr. Abernethy. Did the establishment of this division meet with the approval of the institute; was it agreed on both sides that this was a satisfactory means and method of handling this problem?

Mr. McCaffrey. Yes; there had to be some place where these problems could be brought.

Mr. Abernethy. The institute then is reasonably satisfied with the proposed method.

Mr. McCaffrey. Well, the method itself is setting up the division where the farm-equipment people can come. Beyond setting up the division itself does not in itself mean that you get material to get the farm machinery.

Mr. Abernethy. I understand that you have to have a starting point.

Mr. McCaffrey. That is right.

Mr. Abernethy. That is the starting point?

Mr. McCaffrey. That is right.

Mr. Abernethy. Is that something that the institute requested?

Mr. McCaffrey. That is right.

Mr. Abernethy. So then, this division is being established, you might say, at the request of the institute?

Mr. McCaffrey. That is right.

Mr. Abernethy. And making some progress?

Mr. McCaffrey. Rather slow, we think.

Mr. Abernethy. I agree, but it has not been too long since those conferences took place.

Mr. McCaffrey. That is right.

Mr. Abernethy. Unfortunately, fate intervened.

Mr. Hoeven. After someone is selected to head the Farm Equipment and Machinery Branch, then we still have to man the Branch; will we not?

Mr. McCaffrey. That is right.

Mr. Hoeven. By the time that is done we will have already cut our oats and will be picking corn?

Mr. McCaffrey. And cotton all planted.

Mr. Hoeven. We will be in the same position we were during the last war. When we finally got the repair parts, the harvest was over.

Mr. Simpson. I am glad to hear your testimony. Is your company buying supplies from the Electric Wheel at Quincy, Ill.?

Mr. McCaffrey. I think so, just offhand. I cannot tell you the amount. I am sure there are some purchased.

Mr. Simpson. The purchasing agent of the Electric Wheel at Quincy, employing about 700 people, made three trips to Washington

in order to get an allocation for steel. The steel wheels are sold to practically every farm-equipment manufacturer in the United States. He told me that your company purchased some.

Mr. McCaffrey. I am sure that is right.

Mr. Simpson. The purchasing agent tells me that they can buy steel——they are not getting as much allocated to them from the companies as they require—that they can go into the market and buy it at about $100 a ton bonus, and get plenty of it.

Mr. McCaffrey. I do not know about plenty, but I would like to give you a very simple example of that.

Mr. Simpson. Does your company have a similar experience?

Mr. McCaffrey. I would like to give you an example of our particular companies, because we are in a little different position than other companies. We have our own steel mill, as you know, the Wisconsin Steel, which produces a very large percentage of our steel, except sheets and some other things that are special.

We had a directive from the railroad program on that bill to furnish 600 tons a month out of that mill for the railroad program. Of course, we had to accept it.

Mr. Simpson. How about your own company?

Mr. McCaffrey. We do not produce anything for railroads. That has recently been raised to 3,500 tons a month, out of our own mill. That means, of course, that it is taking steel for some other program away from the farm-machinery program.

We can replace that steel by going out to the west coast and buying billets, shipping them back and having them rolled and shaped and putting them into our own mill at a cost of about $100 a ton to replace the steel we ship out of our own mill. However, if we are going to produce farm machinery, I do not know how we will do it otherwise.

Mr. Simpson. Would that tend to raise the price of the farm machinery?

Mr. McCaffrey. Well, I should think it would, except I understand we are thinking now about a restriction on prices which takes no cognizance of any premium steel.

Mr. Simpson. How many similar companies are there in the United States to the Electric Wheel? I do not know how many there are. However, if a corn planter or any other piece of farm machinery required steel wheels and they cannot be obtained, that machine is not in operation, and neither can the manufacturer of the farm machinery send the machine out until it has that wheel.

Mr. McCaffrey. That is exactly right. You are facing almost a similar situation on rubber tires.

Mr. Simpson. The department downtown did ask the purchasing agent of Electric Wheel to go back home and give them a historical figure. They have done that. But again the same thing comes up: that this process has been going on; that is, the purchasing agent of that company did tell me that they could go into the market and buy ingots, I believe you called them, at approximately $100 over the regular price.

Mr. McCaffrey. That is right. I think it is true.

Mr. Simpson. Has the International Harvester Co. had a similar experience, in other words, that your supplier will give you your historical amount of steel, but can you go into the gray market or the

black market or any other market—is it available at any place at a higher price?

Mr. McCaffrey. This steel situation, in my judgment, is neither a gray nor a black market in the sense that we talk about selling farm machinery.

Mr. Simpson. You do not have a gray or black market. There are some people who have obtained steel and are selling it at a higher price than the regular steel companies.

Mr. McCaffrey. I think that is true. I am sure we have never purchased any of it.

Mr. Simpson. Have you been offered any?

Mr. McCaffrey. I think we have in the past. I do not remember any particular instance. The way you pay for a premium steel is that you find the billet, for instance, on the west coast and they do not have the facilities for rolling it. So, you have to ship it into, say, Inland Steel, have it rolled, put it back in our own mill for shaping, and each one of those operations carries a cost, of course, plus the transportation.

Mr. Simpson. It is an economic question. You buy the steel closest to your own factory; do you not?

Mr. McCaffrey. If you can get it there.

Mr. Simpson. That is what you try and want to do?

Mr. McCaffrey. Yes, sir.

Mr. Simpson. What do you think is the solution for a company like the Electric Wheel at Qunicy, Ill., to get the steel so that they can supply the wheels to the farm machinery manufacturers?

Mr. McCaffrey. I do not think there is any question but what any manufacturer would do those things, provided he can find a way in his costs—or, rather, in his profits—to absorb that kind of cost. I do not know how he would go about that.

Mr. Simpson. If you set up a company to build heavy tanks like I read in the paper about General Motors, where they cannot start building the tanks until next summer, they might just as well let that steel that is being produced in the meantime go to the automobile manufacturers or the farm machinery or truck manufacturers or anybody else where it is needed; is that not true?

Mr. McCaffrey. That is one point about the whole steel situation that I do not understand, Mr. Simpson.

Mr. Simpson. You cannot pile it up and store it; you do not have a big field to put it in?

Mr. McCaffrey. I do not know where it is going. We have a very sizable contract for the military which will not be in production for 4 months. We are not piling up steel for that production.

Mr. Simpson. You are still allowed to produce as much as in the past?

Mr. McCaffrey. If we can get the material, we will. You mean farm implements?

Mr. Simpson. Yes.

Mr. McCaffrey. We are now reducing our schedules on farm implements about 30 percent.

Mr. Simpson. Is there an order saying that you can produce as many tractors as you have in the past?

Mr. McCaffrey. No.

Mr. Simpson. What is to keep you from producing them?

Mr. McCaffrey. We do not have the material, and cannot get the material.

Mr. Simpson. Where do you think the material is going?

Mr. McCaffrey. I do not know. That is what I say, that has been a puzzle to me.

Mr. Simpson. Would that not be a good situation for this committee to explore?

Mr. McCaffrey. I should think so. We have tried to explore it.

Mr. Simpson. And you cannot find out where it is going?

Mr. McCaffrey. This is no reflection on any other industry. I do not have any crow to pick with any other industry, but I do understand that the automobile people have produced more automobiles in the last quarter than they did in the previous quarter.

Mr. Simpson. Are you being offered by your own suppliers as much steel this quarter of 1951 as you were the first quarter in 1950?

Mr. McCaffrey. No; I think not, because they have some orders that are taking precedence over an order that does not have a DO order.

Mr. Simpson. In other words, that is defense production?

Mr. McCaffrey. Or rail, yes.

Mr. Hope. I would like to ask another question or two about this order which you received from some branch of the defense program with respect to diverting steel from your mill to the railroad program; that is, the freight-car program?

Mr. McCaffrey. That is what I understand; yes.

Mr. Hope. Was that based upon an allocation which was made against all of the steel mills of the country, or what was the basis for saying that you should supply a certain quantity of steel for that program?

Mr. McCaffrey. I do not know that I can answer definitely, but I assume it was made on the basis of the total production of steel by all mills, of which our mill happened to be in a certain proportion of part of the total production. That percentage was taken out of our production or will be taken as a captive mill.

Mr. Hope. Of course, if you had a program like the freight-car program applying to your industry that would take care of your needs, they could tell your mill to supply so much for freight cars, had a similar order should supply the same amount for the farm-machinery industry?

Mr. McCaffrey. That is right.

Mr. Hope. What you are driving for now is something in the nature of an order of that kind; is that right?

Mr. McCaffrey. That is right.

Mr. Hope. The very small companies, which are the only ones that I am familiar with, complain that they are not able to get any material at all, their former suppliers simply tell them that they cannot give them any material. I assume, of course, the larger companies are not in exactly that situation; all of them are getting some materials?

Mr. McCaffrey. Yes.

Mr. Hope. Are there any other manufacturers other than your own who manufacture their own steel?

Mr. McCaffrey. In the farm-implement industry?

Mr. Hope. Yes.

Mr. McCaffrey. None that I know of except, perhaps, one other, but I would rather have the Ford people answer that. They may deliver some to the Dearborn Motors. I do not know.

Mr. Hope. In the main the industry is dependent upon securing steel from commercial sources?

Mr. McCaffrey. That is right.

Mr. Hope. With respect to the automobile industry, they are able, apparently, to produce on the same scale they have been, apparently, because they are able to get supplies. I take it from what you said, though, that you do not have any information as to how they are able to secure these supplies?

Mr. McCaffrey. No; I do not know.

Mr. Hope. Some of them have their own mills; do they not?

Mr. Simpson. I happen to be in the automobile business myself. We are not getting the number of cars that we got before.

Mr. Hope. The figures for January and February that I have seen indicate that the production is right up to that of last year over-all in the industry. I do not know how that applies to the particular companies, but the over-all figures indicate that production is right up to 1950.

Mr. Abernethy. My information is the same as Mr. Hope's, that they have been producing at a peak level, but as Mr. Simpson has said, there does seem to be some bad distribution.

Mr. Hope. There is under consideration now an immediate program to go into operation as soon as it can be worked out, which is supposed to carry the industry until the controlled-materials program goes into effect on July 1.

Mr. McCaffrey. I think that there is. In that connection I might tell you that last week the Farm Equipment Institute arranged to send, we think, three of our very best experts on this materials situation down here. They spent the week with the Department of Agriculture and the National Production Authority, and so on, telling the requirements of steel and the necessity for it and when. I think as a result of that visit a letter has been written, the one that I referred to, that came last Saturday, that something be done in this regard.

What the result of that will be I do not know, but the indication was that this was to take care of June and that this controlled-materials plan was to go into effect in July.

Personally, I do not think that you can put a controlled-materials plan into effect in July and make it effective in July.

Mr. Hope. Do you understand that this proposal that is now under consideration would give you a program something like the oil industry has and that the boxcar industry has?

Mr. McCaffrey. The only one I know about is a letter that is written on the basis of providing one-twelfth of these figures of consumption of materials that I read here a minute ago for the month of June. If there is anything beyond that, I do not know about it.

Mr. Hope. I understand there is a program in the making. I am not familiar with the details of it. I just wondered if you were.

Mr. McCaffrey. No, I do not have anything beyond this.

Mr. Hope. If a program such as in effect now, so far as boxcars and the oil industry are concerned, were put into effect immediately for the farm machinery industry, that would enable you to go right

ahead; I mean, would it take you long to adjust to a program like that?

Mr. McCaffrey. We might lose some production between now and July 1, I think, because a great many people in this industry have had to make plans on cutting down. The reason we have to make plans, as in our own case, if you have a schedule that is up here, the goods or the materials that are very easy to get keep coming in and if you do not get the materials that are hard to get to balance that you will very soon have a lot of money invested in inventory which you cannot use. So we adjust our schedules based on the thing that is the hardest to get which, of course, today is steel and copper.

Mr. Hope. That would be the quickest way to get you back into normal production, however?

Mr. McCaffrey. Yes, sir.

Mr. Hope. That is what you are advocating, a program of that kind, something similar to what the oil industry has and what the boxcar industry has, as being the most feasible program for the moment?

Mr. McCaffrey. A controlled materials plan I do not think can be put into operation very quickly. Of course, there is some doubt in the industry as to what is known as DO orders, how effective they are. At least, a DO order or whatever may come out of this is, certainly, more effective than having nothing.

Mr. Hope. A program like the oil program if applied to the farm-machinery industry would, in your opinion, carry right on through; you would not need anything else, if you have this?

Mr. McCaffrey. Whatever that is that delivers the material, if that is the DO order, or whatever it is, if it delivers the material, we will go right ahead with production, I am sure.

Mr. Hope. That is all.

Mr. Abernethy. We thank you very much, Mr. McCaffrey.

I hand to the reporter a document entitled "Automobile Production," which I ask be inserted in the record at this point.

(The document referred to is as follows:)

AUTOMOBILE PRODUCTION

Total motor vehicles (automobiles and trucks):

Week end March 3, 1951	170,023
Week end March 4, 1950	116,134

It must be held in mind that during the above period last year Chrysler was having a strike and this had its effect.

January 1951	535,800
February 1951	604,284
Total	1,140,084
January 1950	541,548
February 1950	471,934
Total	1,013,482

Mr. Abernethy. We have several very important witnessees to be heard this afternoon.

The committee will stand in recess until 1:30 p. m.

(Whereupon, at 12:15 p. m., the subcommittee recessed, to reconvene at 1:30 p. m.)

AFTERNOON SESSION

Mr. ABERNETHY. All right, Mr. Heimburger.

Mr. HEIMBURGER. The next witness, Mr. Chairman, will be Mr. H. G. Barr of the J. I. Case Co., who is chairman of the materials committee of the Farm Equipment Institute.

I understand you do not have a typed-up statement, Mr. Barr.

Mr. BARR. I have nothing prepared, Mr. Heimburger; no, sir.

STATEMENT OF H. G. BARR, CHAIRMAN, MATERIALS COMMITTEE, FARM EQUIPMENT INSTITUTE

Mr. BARR. Mr. Chairman, I thought the best contribution that I could make was, after listening to the witnesses who have appeared before you so far, to see if I could clarify some of the things and material that may not be clear to all of you on the material situation.

Mr. ABERNETHY. All right, Mr. Barr.

Mr. BARR. Reference was made this morning to various steel items that are in short supply, and I have in my file some letters from smaller manufacturers telling me what their problems are.

You will understand that the materials committee of the Farm Equipment Institute is not an expediting agency, nor is it a purchasing agency. It is merely advisory.

For the benefit of your committee we asked some members to state what their problems were, and I would like to read some of them briefly, if I may.

Mr. ABERNETHY. Now, will you tell us what you are reading from?

Mr. BARR. From letters that I have received.

Mr. ABERNETHY. Of experiences from manufacturers?

Mr. BARR. Yes, sir.

Mr. ABERNETHY. All right, sir.

Mr. BARR. This one is from a manufacturer in Shortsville, N. Y.:

> Currently we have, or we think we have nailed down all but 500 tons of steel out of the 4,000 tons needed for this season's program. The joker is, however, that our entire requirements should have been placed long before this, and the last deliveries to meet our seasonable requirement should be scheduled for May.
>
> Our supplier of dropped center rim wheels advises us that he has rims but could get no stock for the discs. Our machines are not much use to our customers without wheels.

Mr. ABERNETHY. I am sorry, but I cannot quite hear you.

Mr. BARR. I will try to talk louder:

> We are having no success in placing our orders through regular channels for abrasion resisting hot roll sheet and pipe, both, common and extra heavy, of which we use considerable tonnage. Our shafting situation, although currently under control, promises to be another serious bottleneck very shortly.

Then from another concern, who is talking about discs that he gets for harrows and plows——

Mr. HOEVEN. May I interject a question at that point?

Mr. BARR. Certainly.

Mr. HOEVEN. Will you tell us where these complaints come from, geographically.

Mr. BARR. The extract of the letter which I just read came from the Papec Machine Co., of Shortsville, N. Y.

This one comes from the Athens Plow Co., of Athens, Tenn. In the first quarter of 1950 he secured 257 tons; in the second quarter, 208 tons; in the third quarter, 92 tons; and in the fourth quarter, 68 tons; in January 1951, 19 tons; in February, none; and in March, 28 tons.

The next letter is from the Brinly Hardy Co., of Louisville, Ky.:

During the first 3 months of 1950 we ordered about 80 percent of our normal quarterly tonnage, due to the fact that we had considerable inventory.

During the second quarter of 1950, orders placed with this supplier totaled 67 percent of the first quarter figure.

During the third quarter, when we needed steel badly, we were only permitted to place a total corresponding to 50 percent of that first quarter tonnage.

During the fourth quarter this was reduced still further, and we received only 35 percent of the first quarter of the 1950 figure.

Our total receipts of steel in the fourth quarter were less than 40 percent of our average quarterly receipts over the past 5 years.

Now, I am not going to take up your time by reading all of the comments on it, because I thought all you needed was some statistical information.

Now, this one is from the W. F. Covington Planter Co., of Dothan, Ala., and it was written on November 6, 1950:

For your information, a large number of manufacturers in the South are having trouble securing material. Unless the Government takes immediate steps toward giving us some relief, the farmers will have considerably trouble buying the necessary farm implements for their use.

Now, this is a letter dated March 8 from the Brower Manufacturing Co., of Quincy, Ill., and they are manufacturers of poultry supplies:

If there is not some drastic action taken within the near future, I am sure that the manufacturers of poultry equipment are not going to be able to survive. As you are probably aware, none of the manufacturers are getting more than 40 to 45 percent of the steel they purchased last year, and the demand is twice as great.

Mr. ABERNETHY. Now, do you agree with that statement? That is a general statement?

Mr. BARR. That is a general statement.

Mr. ABERNETHY. But is that correct?

Mr. BARR. Reasonably correct, yes; but whether it is actually factual or not, I would not know.

Mr. ABERNETHY. Yes.

Mr. BARR. However, I can only speak authoritatively from the company I represent, and not for the others, because we have no interchange of production information, nor any other information.

Mr. SIMPSON. Will the gentleman yield?

Mr. ABERNETHY. Certainly.

Mr. SIMPSON. The Brower Manufacturing Co. that you are talking about is located in Quincy, Ill., in my district.

Mr. BARR. That is right, yes.

Mr. SIMPSON. Would you mind reading that statement again?

Mr. BARR. The extract I took from it:

If there is not some drastic action taken within the near future, I am sure that the manufacturers of poultry equipment are not going to be able to survive. As you are probably aware, none of the manufacturers are getting more than 40 to 45 percent of the steel they purchased last year, and the demand is twice as great.

Mr. SIMPSON. Is that an erroneous statement?

Mr. BARR. I would say it is a general statement. I don't know whether that man based it on hearsay or on fact. It could be true for him, but I don't know anyone who could speak for his competitors authoritatively.

Mr. SIMPSON. Are you representing an organization of which they are a member?

Mr. BARR. Yes, sir.

Mr. SIMPSON. Did anyone try to correct him on it?

Mr. BARR. No, sir.

Mr. SIMPSON. Well, it looks like that would be a pretty good thing to do, to straighten him out, if he belongs to your organization.

Mr. BARR. Well, the organization does not have anything to do with securing for each individual manufacturer his tonnages or anything. It has nothing to do with that feature of it.

Mr. SIMPSON. Why would you read it into the record if it is not correct?

Mr. BARR. I cannot pass on the correctness of all these, Congressman. They were just handed to me this morning as I left the train, and I have marked what I thought were the essential paragraphs and I read them to you as representing the small manufacturers.

Mr. SIMPSON. Well, I know that they started from scratch in the poultry supply business, and they are one of the largest suppliers in the United States

Mr. BARR. That is right.

Mr. SIMPSON. And I know all of them, and I don't believe that they would make an erroneous statement on purpose.

Mr. BARR. I don't think that it was fair for me to imply that it was an erroneous statement. What I mean to imply was that any man could speak from his own experience, but in my judgment, statements for the rest of the industry would be made from general knowledge and therefore would be opinions.

Mr. SIMPSON. Well, this is just a suggestion, but I would suggest that you correct the stenographic remarks so as to straighten it out, when you see the record. That is only a suggestion.

Mr. BARR. Very well.

Now, the Krause Plow Co., Hutchison, Kans.:

Forced to obtain 60 percent of material from other than normal sources. Ninety percent of suppliers demand DO rating. Material-control program necessary to maintain production. Suggest average tonnage 1948–50 as a basis.

Now, I have other letters from the Perfection Manufacturing Corp., a telegram from the Danuser Manufacturing Co. of Fulton, Mo., one from the Brillion Iron Works of Brillion, Wis., and substantially they tell the same stories. If you would like to have me read them, I will do so. However, if you would like to have me pass them, I will pass them.

Mr. ABERNETHY. Well, they are generally along the same lines of those that you have read?

Mr. BARR. They are generally along the same line.

Mr. ABERNETHY. All right. That will be sufficient.

Now, that indicates that the situation is a general one, does it not?

Mr. BARR. That is right.

Mr. ABERNETHY. And it prevails not necessarily in one section, but throughout the country.

Mr. BARR. That is right.

Mr. ABERNETHY. At least that is your belief about it?

Mr. BARR. That is my belief, Congressman, yes.

Mr. ABERNETHY. Yes.

Mr. BARR. Now, I would like to talk something about the allocation from mills, and I would like to try and explain that for you.

The average way in which a buyer gets these is to go to the mill, and based upon his past history and the story he tells, he gets an allocation of steel. That is since the war and during the time that steel was not sufficient to go along on.

That allocation was a monthly allocation, and within that pattern he ordered his steel and kept his plant going, and if that allocation was not sufficient, then he sought to get the additional steel required from other than mill sources, such as warehouses, conversion deals, by importing steel, or by any other means that he could pursue.

Mr. HEIMBURGER. May I ask you a question right there? By allocation, do you mean allocation by Government order?

Mr. BARR. No, sir.

Mr. HEIMBURGER. Or a voluntary allocation on the part of the mill?

Mr. BARR. A voluntary distribution of the steel mill's product on the basis, "We will allocate to you this much steel per month."

Mr. HEIMBURGER. Thank you. I wanted to make that clear.

Mr. BARR. Now, as soon as any allocation program was programed by the Government, the difficulty of finding the rest of the steel became more acute, because the first program outside of the military that gets allocation assistance starts to displace another man's manufacturer, and he seeks assistance in a similar manner, and the chain just grows. Each one that seeks assistance makes it more difficult for somebody else.

Now, I would like to show you how, for our own company, this allocation worked since 1951, the start of 1951.

The steel mills were behind in filling their orders. That was caused by two reasons; the allocation program that had been imposed upon them; also by the switchmen's strike, and the loss of production during that period; also by some loss of production within their own plants by labor troubles, and the usual difficulties that anybody has in manufacturing.

So that during the month of January that was to be a carry-over program. In one of our particular sources we were supposed to get 3,030 tons of steel during the month of January, or be permitted to place our order for 3,030 tons of steel. We actually were permitted to place orders for 62 tons. The balance of the steel was carry-over from what should have been shipped in October, November, and December.

In February only 748 tons, and in March, 1,578 tons.

Now, the mills have to take DO orders, and allocation orders, and under the regulations laid out they have to be in by a prescribed date.

After the mill has taken those mandatory orders, it is then left with the tonnage of steel that it may distribute to the rest of the trade, and after the mills have accumulated all the orders that they have to roll on the mills from a mandatory schedule, only then do they

know what they have left to distribute to the rest of the trade, and only then do they tell you what you may place orders for.

Now, we talk about steel as such, and it would be about as general as talking about implements as such. Steel comes to us in several classifications, bars, strips, plates, sheets, structural shapes, etc., and any manufacturer must fit his requirements within that pattern of these different items before he has a balanced tonnage which will enable him to make a program.

But the dislocation by the mandatory orders that have been placed on the mills makes it a situation that is extremely difficult. You are not able then to place a balanced tonnage.

At the moment we are terrifically short on bars. One month ago it was sheets. Cold finished steel, because it is made from bars, is another bottleneck.

Now, I mention those things to you because so far as ordering any steel is concerned 5 months have gone by of this year, and in our particular case we have got about approximately 40 percent of what we thought we were going to secure from our regular sources, but not a balanced tonnage.

So we came down last week to try to acquaint the Department of Agriculture and the NPA with our problems. We first sought out the Department of Agriculture, who were fairly conversant with our problems, and quite sympathetic, and then we tried to find out in NPA somebody who could tell us the answer to this question.

We went into the Farm Machinery Branch, and were then told that we must have a program in the Industry Operations Bureau of DPA. Then we went up to the Industry Operations Bureau of DPA and told our story again there, and they repeated that there was no program for farm machinery.

We cited that the letters that the Department of Agriculture had written, one from Secretary Brannan to Secretary Sawyer in October; a letter written to General Harrison in January; and a letter written to Mr. Manly Fleischmann in March, and since the Department of Agriculture is our claimant agency, we asked them how they could reconcile the fact that they knew nothing about the program, with the fact that the Department of Agriculture had three times written them and given them the program.

We were then told that we must have a detailed production program. It was one thing to secure steel, but having secured the steel just how was it to be distributed among 1,600 manufacturers equitably, and unless there was a detailed production program that would not be possible.

We were also told of the impending CMP proposal they were trying to put through, and we took the position that if by some miracle we could give them all those programs it would probably take a staff of about 80 people to analyze them, and after they had done that they would come up with the same figures we gave them in our white book; that we could not wait for any length of time whatever; that we wanted to get steel in May rollings, and we were told that it might be possible to give us a DO order for May rollings. We told them that in our judgment a DO rolling would be worthless toward getting our industry back into the position that it belonged, that it would take something like a freight-car-building program.

We then came back to the Department of Agriculture and made an appointment to see Mr. Manly Fleischmann, but during the evening or the next day, something had happened in NPA and we were invited back to the Industry Operations Bureau to discuss our problems, to see what could be done immediately to give us some relief, and were then instructed to go back to the Department of Agriculture and have them write a letter and have it delivered to the Industry Operations Bureau on Friday, and that they would work over it on Saturday and Sunday, and try to effect an arrangement by their deadline, which was Monday, so that we could get into steel mills rolling schedules during the month of June.

We told them that the only figures we could give them—they were asking us for all kinds of formulas, and we tried to point out some of the difficulties confronting anybody trying to do something in an average manner tied up with history. That was something that had happened in the past, and it was no criterion that it would be the same thing in the future.

They suggested that we try it with the amount of steel we secured during the first quarter of 1950, and we tried to point out to them that we do not get or use the same pattern of product mix of steel in any one quarter, or in any one month, unless it would be the extremely large manufacturer who is making one item only in one plant, and making it every month in the year; that a manufacturer might be making in the early part of the quarter hay balers, and that the steel that he would require for hay balers would run very heavily to plates. He might follow that along with combines which would run less heavy to plates, but heavier to bars and sheets. Then he might follow that with a corn picker, in which there was an entirely different distribution of the steel.

Therefore to try to tie the thing up with the history of any one month or any one quarter was impractical and unworkable, and we were asked for our own formula. We were of the opinion that from what we knew of the steel mill schedule, that it would be extremely difficult to get into the May rollings, but that it as quite possible to get into the June rollings.

We had asked for a 4-month's program of steel during the time when they thought they could make CMP effective, and it would be my opinion, gentlemen, after we got that 4-months' program we would have to go back and get another, because it is one thing to put in a CMP plan, and an entirely different thing to make it effective.

We were told it was absolutely impossible to get steel for that length of time, and since time was of the very essence, we suggested that we be given one-twelfth of the amount of steel that we took in the previous manufacturing year, and that the steel mills be directed to accept those orders and enter them on their mills for June rolling.

Now, what will happen to that I cannot tell you. We have done that amount of work on it, but somebody in NPA may change the formula or edit the formula, or give you 80 percent of it, or give you 90 percent of it; I don't know, and I can't find out right now.

Now, in asking for that one-twelfth in June, it is evident that most farm machinery manufacturers are going to lose some of their production in the intervening months, and I don't think much can be done about it. The water has gone over the dam.

We should ask to get back currently for 2½ or 3 months in June. We think that that is quite out of the question for anybody to grant us, but we should get this assistance in June.

In addition to that, the assistance for the manufacturers' components and other things that go into the production of farm machinery, so that we can fabricate the steel and make finished machinery.

It would be of no interest to anybody to get the steel unless you could get the other items to go with it.

That was a proposition put up through the Department of Agriculture to NPA, and if that is granted, we will immediately have to seek to try to implement that by doing the same thing for the month of July, and the same thing for the month of August.

Now, whenever you try to tie things up with history in this business, you put a restrictive element on somebody that is unjust, and immediately you bring down to Washington people seeking relief on a hardship case, because of a restrictive thing that did not work equitably upon them or upon somebody else.

So we recommended to them that whatever base period was selected there be enough selectivity in the thing so the manufacturer himself could work with a pariod which did not work a hardship on him, and thus stop from coming to Washington all those thousands of complaints about hardship cases.

Now, in general, that is what we proposed to the NPA.

We came down Wednesday morning, and we worked all of Wednesday, and Thursday, and Friday, and left at 4:30 Friday afternoon, with the assurance that something would be done.

Mr. ABERNETHY. Who did you confer with in NPA?

Mr. BARR. We conferred eventually with a Mr. Bilby and a Mr. Prickett in the Office of the Operations Bureau, who were under Mr. Wampler. Earlier in the day we had conferred—the previous day we had conferred with Mr. Lilygren, an assistant of Mr. Wampler.

Mr. ABERNETHY. I believe Mr. Simpson has a question.

Mr. SIMPSON. Mr. Barr, is the Ezy-Flo Corp. in Chicago a member of your organization?

Mr. BARR. I could not say, but I believe they are, but I don't know. Yes, I am told they are.

Mr. SIMPSON. Our office had a routine request from a distributor of theirs relative to spreaders of some kind, and we took up their request. On February 28 I received this letter from Mr. A. Juzwik, president of the Ezy-Flo Corp. of Chicago, and I want to read you a couple of paragraphs in his letter, and then I want to ask you a question. The letter is dated February 28:

> The NPA has directed that we get a 200-ton-per-month allowance for a period of 4 months, which amount will at least enable us to maintain production at approximately 25 percent of last year's monthly volume. This in some measure will alleviate the situation. However, it will not in any way meet the critical need for this equipment.
>
> We have been further advised by Mr. McHugh of this division that a definite CMP program will be put in effect before July 1. Should this become effective we will be assured of materials under this plan. If it is not put into effect by that time our problem will become even more critical than it has been in the past, and we are virtually unable to obtain any material without allocation at present.

Now, while you were dealing with the various organizations, and I presume you meant NPA a moment ago, did they explain anything about a CMP program being put into effect before July 1?

Mr. BARR. They told us they were working on a CMP plan which was supposed to be announced on March 15, and it was intended to put everything under a controlled materials plan.

Mr. SIMPSON. Are you aware of their proposed plan which is to be put in effect before July 1? And if you are, will it hurt you, help you, or what will it do for you?

Mr. BARR. Do you want my opinion on this?

Mr. SIMPSON. Yes.

Mr. BARR. It would not be in by July 1, or operable by July 1.

Mr. SIMPSON. You say in your opinion that it will not be in effect before July 1?

Mr. BARR. That is right.

Mr. SIMPSON. And what is your other point?

Mr. BARR. To the extent that it is in effect, it would not be able to help us out of our difficulties. We need better than a CMP plan for the time being.

Mr. SIMPSON. You think it will not help out the situation?

Mr. BARR. They have told me, and I cannot tell you what individual told me, but they have told me that they are going to require 80,000 people to administer a CMP plan, and I submit to you that if that is going to be operating by July 1, and they have to recruit 80,000 people and put this into operation, then they are a lot smarter than I think anybody is capable of ever being.

Mr. SIMPSON. The authority is in the Defense Production Act, and it was passed last August, is that right?

Mr. BARR. That is right.

Mr. SIMPSON. Well, I am one member of 12 of the 435 Representatives in Congress who voted against it. What do you think, what is your solution for it, if you think that this program if put into effect will not be effective, what do you think this committee should do?

Mr. BARR. The only thing that I think this committee can do now is to make reference to the DPA, and have them give us the assistance by direction to get out of our immediate difficulties, and continue that assistance until they have some workable plan that will be through CMP.

Mr. SIMPSON. Well, they have evidently done that by this letter from the Ezy-Flo Corp., where the NPA has directed that we get 200-tons-per-month allowance for a period of 4 months.

Mr. BARR. Well, that is a spot assistance that is given to an individual manufacturer, and if that is the way——

Mr. SIMPSON. That seems to be the program, though.

Mr. BARR. If that is the way they intend to do it, they will have 1,600 manufacturers seeking spot assistance. They should take the industry as a whole and issue a directive to the steel mills.

I want you to bear in mind that the steel mills are very badly judged on this thing, because everybody who can't get steel thinks the fellow who cannot give it to him is to blame.

Mr. SIMPSON. What is your idea about so-called gray market steel or steel that can be obtained at $100 above the market?

Mr. BARR. I would just like to read you a few figures, and from that develop this gray-market situation.

From one of our suppliers we got 57 percent of the bars we were supposed to get; from another supplier 25 percent; from another 47 percent; from another 32 percent. And that is bars.

On sheets they average from 7 percent to 41 percent, 42 percent to 73 percent.

Now, I have to have all of those items to make a balanced production of farm machinery. I may get sheets but no bars, and it is no good; I might get bars and sheets and no cold finished steel, and I cannot complete the items. I may be short of pipe or wire, and it still cannot be completed.

Now, when we get to the situation where we cannot secure these bars, we then try to find out how can we get these bars made for ourselves. Then you go into the conversion market. You might, for example, buy railroad car axles at a price probably higher than you would pay for steel from the mill, and then have those car axles shipped to a steel mill and rolled into the product that you want, to the extent that they can make the product you want, and that would be a conversion deal.

Mr. SIMPSON. May I ask a question: If you get railroad axles they have already been partly processed, and I want to know if you have to deprocess them—I think I should say, to put into the material you want to use them for? In other words, the way they have been used or produced up to that point, is that a detriment, or does it hurt in any way?

Mr. BARR. No; what would happen to that is that a steel mill would cut off the two turned journals on those axles, and have a piece of steel in the middle, which is good steel but of high carbon content. He would use it for raw material in a bar mill, and roll you either angles, flats, squares, rounds, or any other section he could get out of that, that you would require, which would meet your needs.

Now, our company uses over 20,000 items of steel, that is, we have parts for over 20,000 items of steel. Those have to be balanced in inventory. The one has to go with the other, and they have to be put into a shop and put into production quickly.

Others have made reference to the seasonability of this business, so I don't want to repeat on that, except to say that your manufacturing schedule must be timed so as to bring these things out for the seasonable nature of the business.

When you do not get these items of steel you complicate your machine-tool situation. Very often you are setting up machine tools once a day to make all the different parts, you lose man-hours, and after you get the steel, the man-hours are not there to do it.

For our company as a whole, I cannot really tell you, tell you specifically that we are going to make 80 percent, 75 percent, or 60 percent of what we propose to do. I hope we will make 100 percent, but I am fairly sure we will not, but we will try to make 100 percent.

We know that some of it is late. In only one plant are we on schedule, and in other plants we are behind 1, 2, 3, 4, 5, and even 6 weeks.

I would like to make reference to baling wire that was discussed this morning. We do not sell bale ties ourselves, at least it has not been our habit to sell bale ties, except when they are scarce, when some of our dealers ask us to secure them for them.

We have requests from dealers to secure 159 carloads of bale ties. We can place 80 percent of what we bought last year, which was six carloads, so we can get five carloads of bale ties for this year, and we have dealers' requests for 159.

Now, I mentioned before the danger of tying this up to history. For every baler that is out in the field, you will use a certain number of bale ties each year. Now, next year when you put out more, you will add to the number of bale ties being used, and each year you keep adding to that, so if you say you can have 80 percent of what you needed last year, it may not be any more than 70 percent of what is required this year.

Mr. SIMPSON. How does this steel get into the hands of a person who sells it at $100 above market?

Mr. BARR. It gets in in various ways. There is hardly a steel mill in this country which in normal peacetime operation would have all of its rolling mills scheduled up to the limit. There might be a demand for wire, but not for structural. There might be no demand for railroad rails, but a demand for plates. So usually a steel mill has steel-making capacity enough to run part of its rolling facilities, and usually enough to keep them all operating the way it can sell steel.

When a steel mill has additional rolling time open, and no steel, then they will tell you that if you can secure steel and deliver it to them they will give you that rolling time.

There have been a number of mills in the last 4 or 5 years that have been rendered obsolete. They are hand mills, they are high-cost mills, and they should be scrapped, but to the extent that they are not scrapped you can get the product of that mill at a higher price, and there again that is not a self-contained mill, you buy an ingot from one company, have it rolled by another into a slab, then ship it to another to roll it into bars, sheets, strips, or wires, or whatever it is you desire.

All of those operations cost money, plus the freight.

Your next opportunity is to import the material from abroad, and if you can deal directly with the mill you will get a better price than if you have to go through several hands to get to that.

Mr. SIMPSON. When you say steel from abroad, do you mean German steel shipped to this country?

Mr. BARR. German steel, Belgium steel, French steel, British steel. I have imported steel from Britain and from Belgium and from France.

Mr. SIMPSON. And the cost of steel that is imported, is that cheaper than it can be manufactured in this country?

Mr. BARR. I think it could be bought cheaper, if there was not such a demand for steel. As a matter of fact, it cannot be bought cheaper. I think it could be sold cheaper, but the demand seems to control the price.

Mr. SIMPSON. I have been told that German steel is being imported into the United States.

Mr. BARR. That is right.

Mr. SIMPSON. Is that steel available, do you know, at a price less than some steel companies in this country can supply it for?

Mr. BARR. I know of none that is available for less money; no, sir.

Mr. SIMPSON. Is it being imported?

Mr. BARR. It is being imported. It is being imported mostly by brokers and middlemen, who take the risk of buying the steel and offering it for sale.

Mr. SIMPSON. But it is not offered for sale undercutting the United States price?

Mr. BARR. It is higher in price and, of course, it pays a duty.

Mr. SIMPSON. Where can a person or company store all this steel that they can offer at a higher price? I have had one company, an electric wheel company of Quincy, Ill., which makes wheels for farm machinery say that they can buy steel at $100 above the market, but they cannot afford to pay it, because they are operating on a small margin, they say.

Mr. BARR. I think I know of that transaction. It was made in France. They bought it from the same source we did.

Mr. SIMPSON. That was at $100 above the market here?

Mr. BARR. Approximately that figure.

Mr. SIMPSON. Is that about right?

Mr. BARR. That is approximately correct; yes, sir. That is not saying, however, that the manufacturer in France got $100 above the market. That has passed through several hands, and there is not the regular channel of distribution from European steel manufacturers to this country.

Mr. SIMPSON. It looks like it would be quite an expensive operation to store enough steel to make any profit on it. You would just have to have a big farm to put it on out of doors, wouldn't you? You cannot store it inside?

Mr. BARR. The only justification for doing it at all is that a purchase of 10 percent of that might free 90 percent, and make the rest of it available.

Mr. SIMPSON. That is all.

Mr. ABERNETHY. Is there anything else?

Thank you very much, Mr. Barr.

Mr. BARR. You are welcome.

Mr. ABERNETHY. Will you call the next witness.

Mr. HEIMBURGER. I will call Mr. H. B. Megran.

STATEMENT OF H. B. MEGRAN, CHAIRMAN, EXECUTIVE COMMITTEE, FARM EQUIPMENT INSTITUTE

Mr. ABERNETHY. All right, Mr. Megran.

Mr. MEGRAN. Mr. Chairman and Congressmen, I do not have a prepared statement, which I am sure will please you.

I would like to make just a couple of minutes' observation.

I think that perhaps it would be well to emphasize the scope of the farm equipment industry, which I do not think has been sufficiently emphasized.

Mr. HEIMBURGER. Pardon me. Will you identify yourself for the committee, first, and tell them about your company.

Mr. MEGRAN. Yes. I am sorry. I am H. B. Megran, and I currently am chairman of the executive committee of the Farm Equipment Institute, and as Mr. Heimburger told you earlier in the day, I come here in that capacity, and I am president of Starline, Inc., which is a small farm equipment company employing less than 500 employees.

Mr. ABERNETHY. Off the record.

(Discussion off the record.)

Mr. ABERNETHY. Back on the record.

Mr. MEGRAN. The Farm Equipment Institute is a trade association, and any manufacturer or wholesaler of farm equipment is eligible to join. We only have about 250 members.

There are other associations with like purposes to serve their industries or groups of members in the industry. There are groups within the Farm Equipment Institute that specialize in that particular section, we will say, barn equipment, or barnyard equipment, or power machinery, and so forth, and yet the last time, in World War II, the WPB, the War Production Board, recognized, to it is stated, some 1,500 or 1,600 manufacturers who qualified as producing machinery or equipment that was used on the farm.

So you can get a picture of the scope of our problem in that in possibly 1,500 communities in this country there are small manufacturing plants, as well as the very large ones that you know of, where there are a group of 5, 10, 100, 300, or 500 employees, who are manufacturing something which the farmer needs.

I think we should also in our thinking keep in mind that the farmer goes into the retail store maybe every day in a good many communities, especially if he is going to town, or some member of his family, to pick up something. It may only be a nut or a bolt, or it may be a milk pail, or it may be some piece of small equipment which is in addition to tractors and combines and manure spreaders and some of the bigger pieces of equipment that naturally come to mind.

So we have got 4,500,000 farmers who go in to town quite often for some piece of equipment, and there are 1,500 or so manufacturers who are attempting to supply that.

Now, his miscellaneous needs would vary from day to day. You heard there were 17,500 farm-equipment dealers. They are a very fine group, with service shops to service this large equipment, but there are also thousands of feed dealers, general stores, and co-ops, throughout the country who may not sell these large pieces of equipment, but who are constantly supplying the farmer, day after day, with some of the things, for example, poultry equipment, such as Brower makes, or barn equipment such as we make, and other items of small equipment.

So I think we should keep in mind that this is a pretty broad scope and there must be a lot of people writing to members of Congress from 1,500 communities if they are beginning to have some trouble.

That also emphasizes the diversity of products and, of course, a great many of these companies, being small, could not think of doing something in the defense effort, and they have to concentrate on their regular civilian lines.

Now, I would like to emphasize that as they have gone to their regular sources of supply, which would be the mills, or perchance warehouses, if they are very small, they have been very fairly told that the defense effort is taking, first they heard 5 percent, 8 percent, 18 percent, and now we hear that the defense program may take up to 50 percent before we get through of the material that can be produced in this country.

So if that is 25 percent, if that only leaves 75 percent, why, unless essentiality is developed and established, why, obviously, the amount of steel that a supplier can give to any one of our small companies would be less, because he has to recognize and honor the DO orders,

which takes up a definite percentage of the steel mills or other concerns' requirements.

The wholesalers have emphasized, in what conversations I have had with them, that we must not lose sight of things like nuts and bolts which I have just mentioned. Some of these parts or components, which so often are distributed through those channels, and then on to dealers.

One other point I would like to emphasize is that as you go through 1,500 manufacturing concerns, as was brought out in this last testimony, they have had a varying experience, and if you want to establish a fair base, I think you will have to consider the years of 1948, 1949, and 1950, and give the manufacturer an opportunity to pick out a period which represents a period where there has been no strike in his plant, or where there has been no strike which curtailed material, or for some reason reduced his output to a point where he could not take care of his trade.

The three things that I think should be emphasized, as I have listened to them, that are very important is, one, I think again about how farm labor is being decreased, and the boys who are being called up, you hear of that so much, as well as the decline in farm labor, and the tendency to go into war industries, and so forth.

Now, we can help him a great deal if we can give him labor-saving machinery which he needs even more than for months past.

I would like to emphasize the fact also, which was not brought out too clearly, that all of these little companies, we have all used up, emptied our pipelines, of such inventories as we had around, everything we found in the place, in the basement, here and there, we have used that up.

That helped a lot in the last quarter of 1949, and it helped to a degree in the first quarter of 1950, but that inventory that we had around the place has been used up.

That also results immediately in an unbalanced inventory, where you may only need a little of something to complete the whole machine.

One other point and I am through, sir.

I would like to attest to the fact that the farmer does not buy something just for the sake of buying it. I quizzed some dealers recently to find out how well the farmers were paying their bills, and although the farmer is well enough off and doing a grand job, he is not too flush with money, especially in the dairy district, so that he is going to buy anything unless he needs it.

In fact, he is going into debt to get it, and I maintain that if you can ascertain there is a demand from the farmer, and he must have this or that, as evidenced by his desire to buy it, that he really needs it if he is to come close to reaching the production goals set by agriculture.

Thank you, sir.

Mr. ABERNETHY. I would like to know if you have experienced much of any scare buying among the farmers in the purchasing of implements.

Mr. MEGRAN. In the smaller pieces of equipment, such as I am familiar with, that is not so. I have not any idea as to whether in the larger pieces of equipment they have experienced that or not. But I would say that if there had been any, at this moment I would say no, it is over, because the farmer is not, in my opinion, going to buy anything, only what he needs very badly.

Mr. ABERNETHY. I will agree with you that the ordinary farmer does not have too much surplus to do any scare buying with. The farmer does a lot of credit buying, necessarily has to, because his income usually comes in over a period of a few weeks—outside of the dairy farmer; of course, whose income is spread over a period of 12 months—but those which rely on corn and wheat and cotton—those who market their crops at a certain period of the year, they necessarily buy most of their equipment on credit.

Mr. Simpson?

Mr. SIMPSON. I would like to ask the witness if he is familiar with the controlled materials program that is supposed to be in effect by July 1.

Mr. MEGRAN. I know of the controlled materials plan that we had at the close of the last war years, and I assume that the new plan is going to be very similar to that.

Mr. SIMPSON. You don't know anything about the present controlled materials program?

Mr. MEGRAN. Only that I assume it will be similar to the last one.

Mr. SIMPSON. Did you hear the statement that I read attributed to Mr. McHugh of that Division that there would be a definite controlled materials program put into effect before July 1?

Mr. MEGRAN. Yes, sir; that is my understanding.

Mr. SIMPSON. You don't know anything about the workings of it, though, is that right?

Mr. MEGRAN. I don't believe any of us know the program—I gave the wrong impression, possibly, by saying that I don't know of it, but let's assume that it will be similar to the CMP plan of the past, which will allocate materials.

Mr. SIMPSON. Do you think it will help solve your trouble?

Mr. MEGRAN. I think the moment it becomes effective in operation, that it will go a long way toward solving the problem, but it will not be effective in operation the day it is announced or the day it becomes effective.

Mr. SIMPSON. Has your organization any letters or anything from this Defense Production Authority relative to that program?

Mr. MEGRAN. Not to my knowledge. I would not know what might be in the office.

Mr. SIMPSON. That is all.

Mr. ABERNETHY. Do you have any questions, Mr. Heimburger?

Mr. HEIMBURGER. No questions.

Mr. ABERNETHY. Thank you very much, Mr. Megran.

You may call your next witness.

Mr. HEIMBURGER. The next witness will be Mr. W. E. Butler, president of the Allied Farm Equipment Manufacturers Association, Waterloo, Iowa.

STATEMENT OF WENDELL E. BUTLER, PRESIDENT, ALLIED FARM EQUIPMENT MANUFACTURERS ASSOCIATION, WATERLOO, IOWA

Mr. BUTLER. Mr. Chairman, I am Wendell E. Butler, and I make my living by being president of the Galloway Equipment Co. of Waterloo, Iowa, and I appear before you as president of the Allied Farm Equipment Manufacturers Association.

I have a prepared statement, at the close of which I will be pleased to answer any questions which you may care to ask.

The Allied Farm Equipment Manufacturers Association represents and is made up mainly of small farm equipment manufacturers. We cannot and do not pretend to know the problems or conditions facing large manufacturers in the industry but from our membership have collected certain information which we feel it is most important that you know.

The small manufacturer is a very important cog in the wheels of progress in the farm equipment industry. If it were not for the large number of medium, small, and very small farm-equipment manufacturers, the farmers of our country would not have many specialty tools with which to work. These specialty tools cannot be economically produced by large manufacturers. Many of these tools are made to fit certain soil conditions existing in only local regions of our country; others are capable of doing specialty jobs on particular types of farms. But whatever purpose they accomplish, they all add to the productivity of American agriculture and for the main part are essential labor-saving devices. Even those items which the small manufacturer produces which seem to duplicate similar items offered by larger manufacturers are important to our economy because they keep competition keen between manufacturers, wholesalers, and retailers and thus tend to assure better prices for our farmers as well as better machines than might exist without that competition.

Small manufacturers also contribute to the stability of the industry not only competitionwise, but employmentwise. Small manufacturers are responsible for a great deal of the progress that has been made in the industry in recent years because they have willingly taken upon themselves the job of pioneering a vast number of new items for use on the farm. Many of the labor-saving devices now aiding materially to increase our agricultural output, are a result entirely of the daring and the faith, as well as the sweat and toil, of small manufacturers. Many of the fine machines now a part of the lines of merchandise of large manufacturers got their beginnings in the plants of small companies.

The majority of these small firms of today are having a great deal of difficulty maintaining any kind of sensible operation and many, we are told, face the shut-down of either a part or all of their manufacturing operations and seem to face almost definite financial and business failure, not because of poor management, certainly not because of poor merchandise and, of course, not for the lack of demand for their merchandise. None of the common reasons for business failure are the large contributing factors, but mainly the inability to compete in today's material market to secure sufficient critical materials, mainly steel, to keep operating.

We recognize full well that a condition of national emergency exists. This was declared by the President of the United States in December of 1950. Since that time certain Government agencies have seen fit to designate some producers of civilian goods to receive preferential treatment from suppliers and these programs have cut straight across the flow of material into farm equipment plants. The result has been not only a shortage but a maldistribution of steel and other critical materials.

A wide variety of conditions have made it most difficult and sometimes seemingly impossible for a small manufacturer to obtain the material he needs to produce even a sensible volume of his products. Some steel mills have told us that they are using a customer allotment system with a base period going as far back as 1939. This, of course, completely eliminates any company having started in business since that time from any chance of becoming a customer of a steel mill. This affects small manufacturers more than any other group, of course, because of a large number of small manufacturers are new firms in business in a 10-year period.

This basis of allotting steel is reminiscent of the days when all employers would hire only people with experience and the young college graduate was told every place to come back after he received experience, but no one was willing to hire him in order that he obtain that experience, which apparently was so essential to his receiving a job. The steel companies are quite largely saying to the small manufacturer, "We will sell you after you have accumulated a mill-buying history." But there is no avenue through which you can accumulate that mill-buying history nor has there been such a possibility in the last 10 years.

While it is true that some mills have changed their base period recently to a more recent period, this has not resulted in any relief for the small manufacturer because it has the same effect as when the man changed the combination on the lock on the door without ever unlocking the door, and then after the combination was changed said, "Why did you not enter before I changed the combination?" The answer is quite obvious, of course, that the door was always locked and the door to getting on the steel mills' books has been quite effectively closed to a large number of manufacturers, regardless of base period used by the mill.

This same situation with regard to base periods is reported to also exist in the case of most of the established steel warehouses.

Many suppliers are blaming the amount of material necessary for them to allot to DO rated orders as the reason for not being able to supply small farm equipment manufacturers even an amount equal to a fair proportion of the material they received from those suppliers last year.

At this point I would like to deviate from the written statement to say that since I have arrived in Washington I have received a number of telegrams substantiating this very information from the members of our association, and I would like to have the privilege to enter certain of the telegrams on the record. I have not yet had a chance to have them copied or read them entirely, but with your permission I will enter them.

Mr. ABERNETHY. Suppose you confer with Mr. Heimburger about that, and then you can arrange between you as to what should go into the record.

Mr. BUTLER. Thank you.

Mr. HOEVEN. Will you tell me where the telegrams are from—geographically?

Mr. BUTLER. Yes; geographically they cover the Nation from coast to coast and border to border.

Mr. HOEVEN. Thank you.

Mr. BUTLER. While some of our members have been engaged in the farm equipment manufacturing business for many years, some of them have taken on new items to manufacture. Such new items were either the result of a definite need on the part of agriculture and small business rallied to the remand and is attempting to supply a much needed tool, but because this new item uses slightly different material from that normally purchased by the manufacturer, he is now being treated on certain classes of material as a complete newcomer to business. Mills with whom he has been doing business for years still claim they owe him no obligation or consideration in his efforts to secure some material for his new item. Some of these new items are only new to the individual company and were acquired by outright purchase from other manufacturers who had been producing the item in years gone by. But the acquiring company does not inherit any steel quota with the item. It can only be assumed therefore, that in the process of movement of plants and items from one area to another, that some steel quota would become available in some area out of which to take care of new customers. But none apparently appears.

Some mills closed certain district offices and "pulled out" of some areas, leaving some of their customers without any source of supply. Oftentimes small manufacturers had been persuaded to place a majority of their requirements with the mill which a short time later left the market area and the manufacturer is helpless.

Again we feel that it is only natural to assume that in this practice a new amount of material should appear in some areas as a result of the mill's having pulled out of other areas, but as far as the small manufacturer is concerned, no new material ever appears for the difficulty to secure material among small manufacturers is universal from coast to coast. The material lost to the manufacturers of the Midwest, for instance, when several eastern mills pulled out of that market, is apparently not in the least available to small manufacturers of the East who are facing equal difficulty in surviving.

All of this results in the small manufacturer facing the necessity of obtaining a large proportion of his material requirements from sources other than steel mills or established warehouses—the only legitimate and normal outlets for the material—and of course such materials must be obtained at irregular prices.

I have been told by Mr. McHugh of the Department of Commerce, that no black market exists, so I must use other terms such as irregular sources and irregular prices, and so forth.

It is at this point that these small manufacturers, as red-blooded Americans, are brought to the boiling point by being offered seemingly limitless tonnages of steel almost daily at excessively high prices by so-called brokers and sources other than normal. Manufacturers who normally purchase from 10 to 25 percent of their entire year's steel requirements from warehouse and sources other than direct mill level now are being forced to obtain as high as 60 to 80 percent of their steel from sources other than mill, often at prices three to four times above regular mill price. It is little wonder that prices of farm equipment have risen—this one factor alone would account for much of the increase of the last year—and the disgraceful part is that it really is entirely unecessary because this part of increased cost adds

absolutely nothing to the product. This raises the very definite question of where such material originates and why some system cannot be devised whereby manufacturers can obtain such material from their normal source.

The administration and Congress have seemed to be concerned about inflation and its effect on our economy. The administration and Congress have upon several occasions expressed a distaste for, and a determination to, eliminate wartime profiteering. We submit that you need go no further than the situation which exists in the distribution of steel today to find wartime profiteering and inflation at their worst.

The seriousness and extent to which this situation affects small manufacturers may be somewhat indicated by the fact that a few months ago a group of manufacturers combined their resources to purchase a small steel mill. They did this to assure their own supply of steel because of their inability to purchase steel in anything like normal amounts on today's market. We submit, gentlemen, that the purchasing and operation of a steel mill is not at all a normal function for manufacturers of civilian goods. The operation of a steel mill is a business in itself and these manufacturers would most probably never have considered entering the steel-mill field except as a last resort in their own defense and in their struggle to obtain sufficient materials to stay alive.

Now in visiting with the men in the offices of the National Production Authority a few weeks ago, a committee from our association was told not once but several times that if the small manufacturer was receiving or could obtain approximately 70 percent of the material he received in the same quarter last year, that manufacturer should be completely satisfied and consider that he was getting his fair share of the material in today's emergency. We accepted that statement willingly because we are anxious to bear our part of the burden of national defense.

Mr. ABERNETHY. At this point I would like to interrupt you.

Mr. BUTLER. All right.

Mr. ABERNETHY. Maybe I am biased, but I don't think that is exactly true. I think allocation should be determined on the basis of a need to meet the goal fixed by the Department of Agriculture.

Mr. BUTLER. That is exactly our recommendation.

Mr. ABERNETHY. That is the subject that we have before us. You people are just incidental to it. We are not here for the purpose necessarily of taking care of the implement manufacturers. That is not the problem of the country. The problem is the production of food in keeping with the goals as announced by the Department of Agriculture.

Mr. BUTLER. That is entirely correct.

Mr. ABERNETHY. That is the criterion upon which the allocation should be made, or else the Secretary ought to be told, modify the goals.

Mr. BUTLER. That is right. However, we are attempting to point out that that has not as yet been done, and no progress apparently has been made toward it.

Mr. ABERNETHY. Now, if 70 percent will do that, that is all right. It is not a question of satisfying you and the other manufacturers. Pardon me for interrupting you.

Mr. BUTLER. I submit, however, that you are correct, it is not a matter of satisfying us, but it is a matter of keeping the manufacturers in operation so that they are there to serve the agricultural industry.

Mr. ABERNETHY. I agree with you, but that still happens to be incidental to the problem we have before this committee.

Mr. BUTLER. Yes; just as stepping stones are incidental to crossing a river; right.

Mr. ABERNETHY. Quite so.

Mr. BUTLER. But we find it hard to reconcile when we continue to see material flowing through irregular sources at excessive prices in large quantities and when we continue to see the production of automobiles soar higher and higher week after week. We have been assured by the gentlemen in the Department of Agriculture, as well as the men in the National Production Authority that farm equipment has been designated by our Government to be essential to our national economy and our defense effort. Yet we submit that no plan has yet been instituted that will allow the farm equipment industry to produce on even a comparable basis with 1950, much less an increased basis as is now being experienced by at least one other industry.

I will skip a large part of pages 7 and 8, because they have to do with the inability of the small manufacturer to compete in today's market. I assume that you gentlemen are thoroughly familiar with that condition which does exist, and the reasons why a small manufacturer has different problems and is feeling the shortage of material much more acutely.

Mr. ABERNETHY. Have you gentlemen sought the assistance of the Committees on Small Business in the House and Senate?

Mr. BUTLER. Yes, sir.

Mr. ABERNETHY. All right, sir.

Mr. BUTLER. And we have likewise published to our membership, as a result of visiting with them and visiting with the men in NPA.

Mr. ABERNETHY. Have they not established offices within NPA, and so forth, for small business?

Mr. BUTLER. That is correct.

Mr. ABERNETHY. And has that recently been done?

Mr. BUTLER. Since November of last year, at any rate, and they have an appeal procedure set up, so they claim, and offer help in hardship cases.

I submit, however, that at least five of our members, that I can recall to mind at the moment, have sent appeals for hardship in as long ago as the last week in January, and have in some cases not even received an acknowledgment of their receiving the appeal in Washington as yet.

Mr. ABERNETHY. Off the record.

(Discussion off the record.)

Mr. ABERNETHY. On the record.

Mr. BUTLER. My point is that there are approximately, well, at least there are a large number of small manufacturers who are today facing almost certain death within the next few weeks or months if something is not done fast.

Now there is one other problem which is causing a great hardship on the farm equipment manufacturer at this moment and this problem has been occasioned by the recent general price stabilization order.

Members of our association were quite well in accord with the belief that some action had to be taken to decelerate the inflationary spiral but as is the case with any broad and drastic rule, the general price stabilization order caught many small manufacturers in the farm equipment industry in awkward and difficult situations.

This was only to be expected and we have been patiently biding our time until now. For many, the price stabilization order in its present form has meant the cessation of business in some areas and on some items—and those items are lost to agriculture—so that the situation is so difficult that we doubt that all of us can much longer remain patient without receiving some relief, either through the erection of appeal procedure or through an interpretation applying to our branch of the industry. Interpretations and relief have been given to many segments of the economy, including labor, manufacturers of textiles, shoes, furniture, and women's girdles, but the farm equipment industry has thus far been ignored.

Therefore, realizing that a national emergency does exist and that no manufacturer can probably expect to receive all of the material he wants or could use, and being good American citizens and believing in the system of free enterprise, so that in any normal times we do not solicit nor would we long abide controls over our business by Government, we do believe that these are not normal times, and therefore, feel it is the duty and obligation of our Government to institute a system of controls, priorities and allotments which will assure the small farm-equipment manufacturer of his rightful and needed share of the available supply of material, according to the needs for farm equipment in our economy.

We further urge that some regulation be effected on the price that can be charged for steel with relation to mill base price, regardless of channels through which it comes, so as to limit profiteering at the expense of the farmer and the small-business man.

We further urge action on an interpretation or an appeal procedure with regard to price stabilization of the farm equipment industry.

These things we sincerely urge your serious attention to immediately, for now the heavy production season for farm equipment is already upon us and each day's delay in giving the industry means by which to secure materials will increase the shortage of equipment for this crop year. Next fall will be too late—we need action now.

Mr. ABERNETHY. That was a very fine statement, Mr. Butler. I don't know that I have any qeustions to ask.

Mr. Hoeven?

Mr. HOEVEN. Yes. I would like to make a short observation.

I think you are addressing yourself to very sympathetic listeners. Our Committee on Agriculture is certainly concerned with the welfare of agriculture in all of its aspects, and that includes, of course, the obtaining of the necessary farm machinery and repair parts.

I think we are particularly sympathetic to the needs of the small manufacturer. This emergency should not mean that there shall be only a survival of the fittest. Under our free enterprise system the small concern should be encouraged.

Your main difficulty seems to be that the small manufacturers are having difficulty because they cannot obtain what you choose to call the "mill-buying history"?

Mr. BUTLER. That is quite largely correct.

Mr. HOEVEN. What is the real solution of that problem?

Mr. BUTLER. Apparently from the opinions I have received from our members, the most practical solution would be the assigning of some sort of a buying priority to the farm equipment people, as such, as it is needed by the Department of Agriculture to carry out the agricultural program. That priority would entitle manufacturers, regardless of size, to purchase their requirements from their normal sources.

Small manufacturers could never buy from steel mills, because they never buy in that large a quantity, but those manufacturers are having just as much difficulty getting their steel from their normal sources, the steel warehouses, as others of us are having in obtaining it from the steel mills.

Mr. HOEVEN. You said you had presented your grievances to the Select Committee on Small Business?

Mr. BUTLER. Yes.

Mr. HOEVEN. Are they affording you some relief?

Mr. BUTLER. Not noticeably. In some individual cases, companies of our association have received some individual relief. I am quite familiar with the case of the Ezy-Flo Corp., for instance, that was mentioned here a moment ago.

Mr. HOEVEN. Well, I know of specific instances where the Committee on Small Business has been able to get the necessary allocation of steel for some of the smaller manufacturers.

We want to help you in every way we can. It is just a question of how to go about it, Mr. Butler.

Mr. BUTLER. Well, while the Small Business Committee has made an honest effort, I believe, and done the best they could, no small manufacturer can long exist on having to make special trips to Washington to obtain every shipment of steel he wants.

I have for our own company, in my own personal experience, entered two appeals in Washington through the small business channel. One of them gave me enough steel to last me 10 days, and another has not even been acknowledged as yet, and it has been in since January, and I have made three trips to Washington to try to get it.

We don't have that kind of money.

Mr. HOEVEN. What would you like to have this subcommittee do?

Mr. BUTLER. I suggest that if a preference rating order can be written to cover the farm equipment industry, as has apparently been written to cover other segments of our economy, and written now, that that may give us enough relief to keep us a little, to keep us alive until a more involved plan, such as a controlled materials plan might become effective.

Mr. HOEVEN. Well, how much steel would you get, for instance, for your plant under that kind of an order? Would you get 70 percent or 75 percent, what would you anticipate?

Mr. BUTLER. According to the information I have in these telegrams, and from other surveys we have taken, approximately one-half of our members would be very well pleased and satisfied to be able to obtain 70 percent of the material they got in 1950. Others would feel that the demand for their product and the need in the economy for their product warranted a higher percentage of the material than that.

Mr. HOEVEN. Does your organization make repair parts?

Mr. BUTLER. Definitely, sir. We are trying, with all of our members of the association, to cooperate with Secretary Brannan's plea to keep repair parts flowing.

Mr. HOEVEN. What is the situation as to repair parts at the present time necessary to meet the needs of the coming growing and harvesting season?

Mr. BUTLER. Of course, repair parts must come out of the same steel that new machines come from, and when you cannot obtain the steel, you cannot make repair parts.

Mr. HOEVEN. Do you have a backlog of orders? Do you have sufficient repair parts on hand to take care of immediate needs?

Mr. BUTLER. I don't think I can fairly answer that question on a very broad basis, except to say that I know of no places where there are large backlogs of orders for repair parts at the moment. Stocks are somewhat low, and the ability to manufacture for the coming season is definitely low, and it is assumed and expected that there will be a pinch before the harvest season is over, even on repair parts.

Mr. HOEVEN. Submit for the record at this point a statement by the Iowa Development Commission, showing that Iowa farmers are using more than twice as much power machinery than they were using 10 years ago.

(The document referred to above is as follows:)

STATEMENT BY IOWA DEVELOPMENT COMMISSION

Iowa farmers are using more than twice as much power machinery than they were 10 years ago.

Latest count (1950) of power equipment on Iowa farms shows that Iowa farmers own 382,698 tractors, grain combines, mechanical corn pickers and motor trucks. That is 2.3 times as many as the 163,211 they had in 1940.

Iowa's farms, often described as the most mechanized in the world, now boast 221,659 tractors, 44,282 combines, 81,017 corn pickers, and 35,740 trucks.

That is one tractor for every Iowa farm and an extra tractor for every tenth farm.

Ten years ago, if the tractors had been allotted on a one-to-a-farm basis, 93,667 farms would have gone without. At that time Iowa had 211,500 farms and only 117,833 tractors.

Other power machines have been moving onto Iowa farms at a great rate in the last 10 years. Iowa farmers now have 6.8 times as many combines and four times as many corn pickers as they did in 1940. They own 5.3 times as many pick-up hay balers as they did in 1943, the first year a count on that machine was included in the annual farm census. The figures: Combines on Iowa farms, 6,509 in 1940 and 44,282 in 1950; corn pickers, 20,029 in 1940 and 81,017 in 1950; pick-up hay balers, 1,943 in 1943 and 10,221 in 1950.

Mr. HOEVEN. It is my contention that even though we may not be able to get all the new machines we want, it is very important that we have the manufacture of all repair parts go on without restriction.

Mr. BUTLER. That we certainly agree with. I think, however, that you gentlemen must face the problem of reality that no company, as such, can economically exist and pay its payroll and bills making only repair parts.

Mr. HOEVEN. I appreciate that. I say, we want to get all the machines that are required by the trade, but we must also pay particular attention to the need for repair parts.

Mr. BUTLER. I very much agree.

Mr. HOEVEN. That is all.

Mr. ABERNETHY. All right. Anything further?

Thank you very much, Mr. Butler.

At this point I would like to insert into the record a statement of Mr. Paul Harris.

(The statement of Mr. Paul Harris referred to is as follows:)

STATEMENT OF PAUL E. HARRIS, SAM MULKEY CO., KANSAS CITY, MO.

Mr. Chairman, you good gentlemen have been very kind and helpful in providing an opportunity through these lengthy hearings for small manufacturers of farm machinery and equipment to tell their problems in getting materials with which to meet the urgent requirements of farmers throughout the country.

You have already heard many times of the problems that face farmers today because their sons and hired help have either been called to military services or have gone into war-plant production. You are all familiar with that.

My company makes only two types of farm equipment. Our main business is the making of Mulkey farm elevators, many of which are in every one of your districts handling grain, hay, ensilage, and other produce to be stored or moved.

We started production in last December on the Mulkey disc grinder, an ingenious machine which enables a farmer to call a serviceman and have his disk cultivator sharpened on his farm without the necessity for taking it into town and being held up while it is disassembled to permit sharpening by the old methods.

Both of these items are definitely in the labor-saving classifications and are in increasing demand at the present time because farmers know they must have the elevators and the disc grinding service if they are to complete their work between sun-up and sun-down.

As purchasing agent for my company I am on the direct firing line between the production people and the sales staff. The salesmen get the orders first-hand from farmers and dealers and immediately turn them over to production which surveys the situation and invariably in these days comes tumbling down to me with the question, "Can you get the materials to go into these?"

My own headaches start from there because it becomes my task to piece together the myriad priority and allocations orders of the Government and my own practical knowledge of materials procurement gained through 17 years of buying experience.

I am faced first with the realization that if Sam Mulkey Co. is to produce the equipment necessary for this year's demands from farmers, the plant must be in continuous operation. I know, too, that if the materials cannot be obtained, the skilled labor will seek jobs elsewhere in war plants and then, eventually, we will have to close down.

During the last 9 months I have traveled all over the East and South in search of materials, have dealt in the gray market when necessary, but we have been able to keep production up and our employees working except for brief lags because of uncertainties of deliveries.

Our primary needs are steel sheets, bronze bushings, cold-roll-round bars, chain, angles and flat bars, and small gasoline engines. You can see that each of those items are in short supply because of defense requirements and regulations.

Our primary sources were from warehouse stocks because we are a small company unable to carry the large inventories required for direct steel mill shipments.

Right now we have much of the material we estimate we will need for some parts of the elevators, but still are in great need of more steel sheets, bushings, cold-roll-round bars, angles, and flat bars to round out the balances for complete unit productions. We have some promises from steel suppliers, but like all promises these days, they are contingent, and have to be, on what the National Production Authority allows them to do in meeting their pledges.

Two weeks ago I was back in Washington, and with another employee of the company talked to the officials in the farm-machinery sections of the National Production Authority and Department of Agriculture. The answers we got to our problems were forthright, and there was every indication of helpfulness and desire to continue to be helpful.

Because of the urgent necessity to get materials immediately, it is imperative that your committee urge the heads of those agencies to approve the interim materials orders which would assure steel and other materials availabilities immediately and for at least 1 month past the inauguration of the controlled materials plan.

Unless that is done, farm machinery production will be delayed so much that the 1951 seasonal demands and requirements cannot be made.

The information given by the Department of Agriculture is that a survey, delayed too long in starting, is now under way to ascertain the basic needs of farmers.

At this point I want to point out that while the Sam Mulkey Co. makes labor-saving machinery, there should not be too much emphasis placed on a machine's labor-saving efficiency as a criteria for determining how many should be made.

That may appear to be arguing against our own case, but I'm sure that each of you, very familiar with farming operations, know there can't be any labor savings in operations of discs, harrows, and countless other machines. It is just plan work—necessary work.

In considering labor-saving efficiencies weight should be given to such machines as the Mulkey disc grinder, which not only saves time and work but also saves the expenses of operating trucks and equipment to get the disc cultivators to repair men in town.

We have found that the maintenance, repair, and operations order recently issued by National Production Authority is adaptable to our needs for materials to make the Mulkey disc grinder. However, there appear to be some lack of clarity as to its particular application to the farm-machinery field.

It is suggested that the following steps be recommended by your committee to National Production Authority and the Department of Agriculture as a means for ironing out the problems now facing the farmers and the makers of their machines and equipment:

1. Urge the Department of Agriculture to speed up its survey's completion as the basis for ascertaining a proper and just allocation of materials to meet the urgent and immediate requirements.

2. Recommend that National Production Authority accede to the urgings of its own farm-machinery experts and those in the Department of Agriculture and issue an immediate interim order to cover materials problems from now through 1 month after inauguration of NPA's controlled-materials plan.

3. Recommend that the maintenance, repair, and operations order be broadened and amended, as was done in the case of the petroleum industry, to apply specifically and more effectively to farm machinery and equipment problems.

4. Urge that National Production Authority give the very fullest consideration to the recommendations of the Department of Agriculture in ascertaining the allocations and set-asides for farm machinery under the controlled-materials plan.

While these problems appear complex now, I am certain that with constant attention on the part of your committee and its staff and with the continued advices of your farmer constituents, the Department of Agriculture and the manufacturers of farm machinery and equipment, the real and important interests of American agriculture will be safeguarded.

It shall be one of the prime purposes of the Sam Mulkey Co. to cooperate with the defense authorities, Department of Agriculture, and this committee. We will welcome your inquiries about our problems and will do our best to help work out the most effective solution possible.

I appreciate deeply your kindness in affording me the opportunity to present to you here some of our general problems and our findings as to ways and means the committee can be of effective help to agriculture.

Thanks very much for your attention.

Mr. ABERNETHY. Will you call your next witness.

Mr. HEIMBURGER. I will call Mr. C. A. Hanson, director, Barn Equipment Association, Fort Atkinson, Wis.

STATEMENT OF C. A. HANSON, DIRECTOR, BARN EQUIPMENT ASSOCIATION, FORT ATKINSON, WIS.

Mr. HANSON. My name is C. A. Hanson, and I am with the James Manufacturing Co., and I am making a statement for the Barn Equipment Association.

We appreciate the opportunity of appearing before you today to discuss with you the reasons why we are going to need more milk than ever before. Also, why equipment for milk production is short and will continue to be unless adequate steps are taken to allocate materials to the barn-equipment industry.

In order to present a clear picture of the problem that is facing us, we would like to review briefly the production of the barn-equipment industry by units for the last 14 years.

Attached is chart No. 1, which is a summary of the Bureau of the Census report on four major barn-equipment items from 1936 through 1949.

You will note that in 1949 there were less stalls manufactured than in 1940 and very substantially less than in 1947 and 1948.

Surprisingly the Census also shows there were 20 percent less than during the war years of 1944 and 1945.

We have projected the 1950 Census from a production survey made by the Barn Equipment Association, which represents more than 75 percent of the total industry.

We estimate a production of 160,000 stalls for last year. This was 33 percent less than in 1948.

This situation is very much different than you will find in other lines where unit production has steadily increased year by year.

The reduction in barn-equipment production was due to the slide-off in milk prices and not to the lack of desire and need for equipment by farmers.

We quote from the USDA booklet, the Dairy Situation, of September 23, 1950, which said:

> In mid-August the average price of all milk at wholesale was $3.73 per hundredweight or 13 cents below last August, and $1.28 below the peak for the month in 1948.

Attached is chart No. 2, a summary of wholesale milk prices received by farmers throughout the years 1948, 1949, and 1950.

In August 1948 the average wholesale milk price was $5.01. And in August 1950 it was $3.73, a reduction of 25 percent.

Since August 1950 wholesale milk prices have advanced to $4.66 per hundredweight, but are still about 8 percent less than August 1948.

In view of these facts it is easy to understand why the dairy farmer has substantially reduced his purchases of equipment during the last 2 years.

Dairying accounts for 20.5 percent of the national farm income as compared with 9.6 percent for cotton and 14.5 percent for grains. (See chart No. 3.)

The dairy cow furnishes the Nation with one-fifth of its diet.

During the year 1949 the sale of milk and dairy cattle for meat totaled $6,265,938,000 of a total gross farm income of $30,631,000,000.

This largest and very important segment of our national agricultural economy must be equipped with the labor-saving and feed-saving equipment to meet its increased production goals set up by the USDA.

The census figures show that a backlog of demand for equipment has been built up during the past 2 years. The barn equipment industry needs materials to take care of these accumulated deficits through increased production in 1951 and 1952.

REASONS WHY WE WILL NEED MORE MILK THAN EVER BEFORE

1. Demand for milk increases as consumer incomes rise and as supplies of durable goods decrease so that a greater share of the dollar goes for food. This will tend to increase demand for dairy products, particularly fluid milk.

2. Population of the United States has increased 14 percent in the past 10 years. Total today is 152 million compared to approximately 140 million at the beginning of World War II.

3. The birth rate is at an all-time high with 31,435,000 babies born in the period 1941–50. It is estimated that 3,700,000 of these were born in 1950. These children are the big consumers of milk and if we are to have a strong Nation they must be well nourished.

4. Of the 152 million, 20.5 million are in elementary schools today. These are more of the Nation's No. 1 milk drinkers.

5. Marriages are booming. It is estimated that more than 3,700,000 babies will be born in 1951—more milk drinkers.

6. As contrasted to the present huge population of young children, the number during World War II was small—reflecting the low birth rates of the depression years of 15 to 20 years ago.

7. Population growths increase the demand for dairy products.

8. Population shifts likewise change the demand pattern. More people live in cities today than ever before. It is estimated that 55 percent of the people live in cities of 50,000 or over. They can't keep a cow for the family milk supply.

9. Wartime shifts in population change the supply-and-demand picture. As workers move to war production centers, their needs for milk products shift, resulting in increasing milk production in immediate farm areas. Experience has already shown that new barns and new milk-handling facilities must be provided for the new producers.

It is relatively easy to transport a producing herd of dairy cows from one section to another. It is not so easy to move the facilities, hence new equipment must be available if sanitation standards are to be maintained. These new producers frequently have difficulties enough in maintaining sanitary conditions and in the production of safe milk. They can do the job easier with sanitary steel equipment.

10. Soldiers drink more milk: "The use of dairy products by troops domestically presents largely a problem of supply," says Col. Rohland A. Isker, Quartermaster Corps, retired.

According to the basis of issue in World War II, the per capita consumption by troops in training amounts to 91.25 quarts of milk, more than 74.5 pounds of evaporated milk, over 25.5 pounds of butter, approximately 9.5 pounds of cheese, and 2.7 gallons of ice cream. These quantities are considerably larger than the same men would eat in civilian life.

11. Enrollment of 4,000,000 men from civilian life to Army life is going to be an important factor in increasing milk demand.

HEALTH REGULATIONS AND NEW PROCESSING METHODS DEMAND CLEAN, SAFE MILK

A growing consumer consciousness of food quality has placed new emphasis on the enforcement of milk ordinances and health regulations governing the production of fluid milk in most areas of the United States.

In addition to the supervision of public health offices, United States Food and Drug Administration has become more active in seizure of milk products that do not meet strict standards. These activities are directed clear back to the dairy farms and in order to meet the requirements the dairy barn must be kept clean.

Some markets (Washington and Baltimore) go so far as to require the use of metal equipment in dairy barns where milk is produced for them.

The sanitarians know that steel equipment can be kept clean and require its use where they can.

Recent development of new methods of canning whole milk, concentrated frozen milk, and so forth, are all based upon a high-quality product from the farm. Some of the rules demand steel equipment in the barns. If these new processes are to continue to grow—and their importance increases in periods of war when transportation and other problems affect milk supplies—equipment must be available.

Milk processors generally look upon the dairy barn as a food-producing plant. It should be kept just as clean as any other food-handling plant.

Since milk-borne disease outbreaks are a continuous threat to our growing population and to the infants of the Nation, it is imperative that modern safe equipment be available to milk producers to guard against disease hazards.

Barn equipment is ever essential, in wartime and in peacetime. The supply available to farmers should be maintained even at the cost of some sacrifices in other equipment.

LABOR-SAVING EQUIPMENT ESSENTIAL TO MAINTAIN ADEQUATE SUPPLIES OF MILK

The total dairy-cow population now, according to United States Department of Agriculture is around 22,700,000. These cows produced an estimated 120 billion pounds of milk in 1950.

Cow population has been declining since 1944 when there were an estimated 25.8 million head in production. Total production of 121.5 billion pounds of milk, a record amount, was made in 1945.

In order to reach 1950 production with 12 percent fewer cows, it has been necessary to increase milk production per cow. Production per cow in 1950 will be in excess of 5,300 pounds, compared with 5,239 pounds in 1949; 4,403 pounds in 1935–39, and 4,437 pounds in 1925–29 (the Dairy Situation, Bureau of Agricultural Economics, United States Department of Agriculture, October 1950 issue).

The increase in demand for fluid milk in the past few months has reduced the quantity of dairy products purchased by the Government to the lowest level since the beginning of the price-support program. During the first 6 months of 1950, the increase in milk production over a year earlier was divided between fluid-milk uses and manufactured dairy products. In the last few months, however, the increase in consumption of fluid milk and cream has left a smaller quantity available for production of manufactured products.

In September, the last month in which production data are available for all products, output of all items except evaporated milk and ice cream was smaller than a year earlier.

Rising consumer incomes in coming months will tend to expand annual rates of use of milk in both fluid outlets and ice cream. For

1950, fluid milk and ice cream consumption per capita will be about 390 pounds, as compared with 385 pounds in 1949, and the 1935–39 average of 340 pounds (the Dairy Outlook, November).

We have increased milk production approximately 10 percent per cow in the past 5 years.

"Demand for dairy products very likely will increase substantially in coming months, as consumer demand increases and as supplies of durable goods are reduced," says United States Department of Agriculture.

Our only chance to secure the needed increase is from the herds we now have. It takes nearly 3 years to produce a heifer and bring her into milk production. To get the increased production we will need to feed better and to house and handle cows better even that we now do.

With price ratios more favorable to beef, hog, grain, and cotton production farmers need encouragement to continue in dairying. They will not milk cows unless they have labor-saving equipment to reduce the hard work of dairying.

The dairy industry is faced with the tremendous task of producing sufficient dairy products for a population increase of 13,500,000 since 1943 with 3,000,000 less dairy cows.

Naturally, dairy herds will need to be expanded and better care will have to be taken of these herds—with less labor available.

The United States Department of Agriculture points out that the farm population is steadily decreasing year by year as new labor-saving equipment is made available.

However, present conditions are causing the farm labor supply to diminish rapidly. Increased opportunities in cities together with the demand for workers in war production plants is draining farm labor from agricultural areas.

In testimony before the House Agriculture Committee on February 26, Under Secretary of Agriculture Clarence J. McCormick stated that we are shooting for a production target about 45 percent above the prewar average—an increase of 8 percent over last year.

He also estimated that this will take 6 percent more man-days of labor than were used last year. In the face of farm labor shortages, these man-days will not be available on dairy farms. The only way increased milk production can be attained is by providing labor-saving equipment so older men, women, and children can help with the job.

Of 610 farmers contacted in December 1950 by the Barn Equipment Association, 454 stated that there was less labor available in their communities than a year ago. The others report about the same amount, but many comment on the limited ability of men who are available.

Fewer farm boys will be exempted from the Army than in World War II. Young men have always provided the big labor pool for farm operations. Now if they are to go into service at 18 years of age, that supply will diminish as the able-bodied ones leave the farm.

Attached editorial from Hoard's Dairyman, leading national dairy publication, outlines the concern which the industry is expressing on this problem.

Older men can continue to do a good job only if they have the labor-saving equipment to handle the hard jobs—barn cleaners, litter and feed carriers and carts, water bowls for cows, elevated milking stalls

to reduce stopping and lifting of milk, milk-can hoists, and numerous other items of daily use.

It is estimated that more than 60 percent of the work of handling and feeding dairy cows is done in the barn. Use of sanitary, labor-saving barn equipment is essential in feeding and watering and in cleaning the barn. Such equipment helps add to cow comfort, herd health, and milk production. This is particularly true of water bowls providing a constant supply of fresh water.

The dairy barn is a food-producing plant and needs to be kept clean if high-quality milk is to be produced.

Health authorities and Food and Drug Administration inspect premises and dairy products regularly to maintain high-quality standards. Unless the dairyman has adequate facilities he cannot meet these requirements.

If milk production is to be maintained and increased, safe equipment must be available to the dairyman. This means steel equipment that is clean and can be kept clean. Steel does not provide cracks and pores to harbor disease germs and dirt.

The automatic barn cleaner is a new and essential labor-saving unit that has been put on the market in the last 3 years.

Unfortunately it is of such recent development that there is no historical pattern of material use. The census cannot give the true picture of the growth of and the demand for this new labor-saving unit.

We have recently (December 1950) surveyed 633 users of barn cleaners. These users are located in important dairy sections of the United States.

Labor supply: We asked the question, "In your opinion, is the farm labor supply in your area shorter now than it has been since 1946?"

Four hundred and fifty-four said "Yes," eighty-four said "No," ninety-five said "Same." A number of these practical dairymen commented on the poor quality of such labor as is available.

Advantages of barn cleaners: We found that of the 633 users, 277 were able to handle their herd with less help; 260 of them devoted more attention to their herds and many reported increased production as a result; 186 of them were able to keep more cows; 92 reported other advantages such as time for more field work, more time for outside activities, and so forth.

Housing requirements: This survey gave us some useful information on the time that cows are housed in the important milk-producing areas of the Nation.

Of 619 users reporting, 212 kept cows in the barn 7 months of the year; 61 kept them in 6½ months; 153 kept them in 6 months; 45 kept them in 7½ months; 65 kept them in 8 months; 40 kept them in more than 8 months; and only 43 kept cows stabled less than 6 months. There is a lot of work involved in handling dairy cows, and, as indicated by this survey, it goes through a good part of the year.

Handling manure: The biggest job of handling dairy cows is the cleaning out of manure. Barn cleaners replaced litter carriers on 231 farms, replaced drive-through spreaders on 226 farms, wheelbarrows on 134 farms, and other methods on 42 farms. The other methods generally described were pitching and shoving the manure and litter to the end of the barn where it was loaded on a spreader. The fact that, of these 633 more progressive dairymen who have barn cleaners

now, 20 percent were using wheelbarrows, would indicate that a great many farms need more modern equipment.

As the farm labor supply dwindles, the need will become more acute and some farmers will be forced out of the dairy business if they cannot buy equipment.

Installation of barn cleaners: Two hundred and sixty-one of the 633 users installed their barn cleaners themselves, dealers put in 149, contractors put in 118, factory representatives put in 15, and 90 were put in by a combination of owner, dealer, and contractor. The problem is not one of installation, but of initial production of the equipment. It requires very little material to install a barn cleaner.

We sincerely hope that every consideration will be given to this new labor-saving development in the allocation program.

MATERIALS USED IN THE MANUFACTURE OF BARN EQUIPMENT

It has been estimated by Farm Equipment Institute that in order to produce as much farm machinery, equipment, and repair parts in 1951 as in 1950 will require at least 2,760,000 tons of steel.

To produce as much labor-saving steel barn equipment and repair and replacement parts as was produced in 1950 will require 63,927 tons of steel or approximately 2.32 percent of that required for the whole industry. In order to supply the anticipated demand for 1951, the barn equipment industry will require 80,013 tons.

In arriving at these figures we secured actual-use figures from 10 barn equipment manufacturers who are members of the Barn Equipment Association and who produce 71 percent of the total volume of the association membership. The total for 71 percent was extended to cover 100 percent of the 14 association members.

By comparing production of the association membership with that of the whole industry as reported by the Bureau of the Census, we found that in 1947 association members produced 72.8 percent of the total; in 1948, 71.4 percent; in 1949, 69.8 percent; and we have estimated that the association members produced at least 70 percent of the total in 1950 and will produce equally as much in 1951.

A considerable part of the anticipated increase needed for 1951 will be used in the manufacture of barn cleaners, an item that is not included in material reports for earlier years. This, as we have shown in this report, is a most important labor-saving item for the dairy farmer.

According to Farm Equipment Institute, the entire farm machinery and equipment industry requires only about 3.8 percent of the finished steel output of the country.

The barn equipment industry, which provides the labor-saving equipment so essential for production of dairy and livestock products required only about 2.32 percent of the 3.8 percent, or only about 0.088 percent of the Nation's production.

A list of labor-saving items for which this material is required is attached.

Approximately 65 percent of the labor of producing meat and milk is done in and around the barn. There is no question of the essentiality of labor-saving chore equipment. To have these necessary foods in adequate supply we need a 10-percent increase in materials

over 1950 with which to build the equipment which is so vital for their production.

Abundant farm production is necessary to lessen the dangers of runaway inflation.

(Charts 1, 2, and 3 and attachments thereto submitted by Mr. Hanson are as follows:)

CHART No. 1.—*Barn equipment unit production, Bureau of the Census reports*

Year	Stalls	Stanchions	Cups	Feed and litter carriers
1936	84,810	237,009	155,631	4,615
1937	96,028	264,785	176,367	5,041
1938	88,192	251,779	162,074	3,519
1939	85,652	245,211	182,458	3,281
1940	100,438	305,701	209,893	4,052
1941	159,077	457,938	363,453	6,719
1942	86,045	241,362	188,357	4,629
1943	137,556	268,718	232,857	4,087
1944	182,288	497,137	451,708	7,773
1945	176,887	450,493	423,260	8,823
1946	232,355	581,416	577,707	9,242
1947	261,607	544,606	524,197	10,701
1948	243,524	597,297	285,207	14,589
1949	146,224	288,330	251,101	5,541
1950+10 percent [1]	160,846	317,163	276,211	6,095

[1] 1950 census estimate based on Barn Equipment Association census survey. 1950 unit shipments still 33.1 percent less than 1948.

CHART No. 2.—*Wholesale milk prices received by farmers*

	1951	1950	1949	1948		1951	1950	1949	1948
January	4.54	4.23	4.80	5.06	July	------	3.43	3.59	4.59
February	4.66	4.08	4.52	5.06	August	------	3.57	3.71	5.02
March	------	3.95	4.30	4.98	September	------	3.73	3.86	5.02
April	------	3.95	4.30	4.81	October	------	3.94	4.02	4.93
May	------	3.60	3.74	4.69	November	------	4.23	4.17	4.93
June	------	3.48	3.61	4.59	December	------	4.37	4.25	4.90

Source: The Dairy Situation, Bureau of Agricultural Economics, U. S. Department of Agriculture.

CHART 3.—*Sources of farm income, U. S. Department of Agriculture*

Year	Amount	Dairy cattle	Hogs	Chicken and eggs	Other livestock	Grains	Cotton	Vegetables	Fruit and nuts	Other crops
		Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1943	$21,609,000,000	20.3	15.3	12.8	11.0	9.0	6.1	9.8	6.0	9.7
1944	22,563,000,000	20.2	14.0	11.4	10.4	10.5	6.6	9.6	7.1	10.2
1945	23,784,000,000	20.9	11.2	12.3	12.0	11.6	5.1	9.4	6.6	10.9
1946	27,488,000,000	21.7	12.5	10.3	11.6	11.9	5.4	8.9	6.9	10.8
1947	33,291,000,000	20.6	13.9	9.3	11.7	14.7	6.7	8.1	4.3	10.7
1948	33,479,783,000	21.1	12.8	10.6	12.5	14.6	7.8	7.0	3.2	10.1
1949	30,631,344,000	20.5	12.0	10.4	13.0	14.5	8.6	7.1	3.9	10.0

[Editorial from Hoard's Dairyman, December 10, 1950]

HELP SHORTAGE AGAIN (?)

Once again dairymen are faced with the likelihood of a help shortage. From present indications, the problem may be more serious than that experienced during World War II. Regardless of whether or not we get into a full-scale war, our country already has begun a major defense program. The President has asked for 3,000,000 men for the Armed Forces. Defense plants are being reactivated. Employment off the farm has reached a record high. Help already is becoming scarce in many dairy sections.

While no one can predict what will take place during the next several months, it is almost certain that many young men in the 19 to 26 age group, now residing on farms, will be drafted. In Wisconsin, for example, there are some 20,000 in that category. Providing the draft age is unchanged and rejections continue at about 30 percent, almost every man now registered would be called in order for the State to meet its present quota.

We all know that if the manpower on farms were overtaxed, there could very likely be a sharp reduction in the amount of food and fiber produced * * * so essential to our economy. By the same token, we fully realize the urgent need for men in the Armed Forces. One of the major reasons why the impact on agriculture may be greater in the present conflict is that during the last war the ratio of farm boys to city boys deferred was 40 to 1. As a result, many young men residing in cities in the draft age group are either veterans or not physically fit for the draft.

Our draft boards have a difficult and thankless job. They need the cooperation of agriculture, as well as industry, in order to fulfill their duty. Unless a peaceable agreement can be worked out within those countries involved in the conflict, dairymen may again be faced with long hours and self-sacrifice if their herds are to be maintained.

In view of the circumstances, this might be our last opportunity to take inventory of our machinery, equipment, and repair parts with particular emphasis on labor-saving equipment. Certain items are bound to become scarce as more and more of our raw materials are needed for defense.

LIVESTOCK EQUIPMENT MANUFACTURED BY THE BARN EQUIPMENT INDUSTRY

Cow stalls with fittings
Stanchions
Milking stalls
Milking and feeding panels
Tilting mangers
Manger divisions
Manger guard rails
Livestock pens and gates
Alley gates and chains
Water bowls
Litter carriers
Feed carriers
Feed trucks
Track for litter and feed carriers
Swinging steel booms
Drains for barns—Manger, gutter, floor
Milk stools
Steel columns—including caps and bases
Hay carriers
Track for hay carriers
Hay pulleys
Hay forks
Hay slings
Bull staffs
Cattle leaders
Barn scrapers
Barn cleaners
Hay-drying systems
Electric ventilating systems
Roof ventilators
Steel metal window frames
Steel windows
Milk house equipment—Wash tanks, racks, can lifters, dairy water heaters, etc.
Name plates
Dehorners
Stock-marking punches
Horse barn equipment
Hog waterers
Hog feeders
Hog oilers
Hog troughs and pans
pig warmers
Sliding door track and hangers
Overhead doors for farm use
Wire stretchers and rope hoists
Grain bins
Garden cultivators
Incubators
Electric chick brooder
Gas chick brooder
Oil-burning chick brooder
Coal-burning chick brooder
Chick feeders
Broiler feeders
Flock and chick waterers
Nests
Battery brooders
Wire hen cages
Tank heaters
Farm wagons and truck hardware
Clevises
Farm bench vises
Farm saw mandrels
Farm load binders
Grain-saving guards
Hay rack clamps
Farm utility baskets

Mr. HANSON. We are happy to see that Secretary of Agriculture Brannan Thursday announced increases in the price-support rates on dairy products, in a move to bolster milk production, and the Secretary said that in recent months the milk output dropped below that of last year.

He added that there were factors which would continue to discourage producers. They include less favorable prices from dairy products as compared with meat animals, and a tightening supply of skilled farm and dairy labor, machinery and equipment.

I have tried to summarize that as much as I could, Mr. Chairman.

Mr. ABERNETHY. I see. You have made a fine statement, Mr. Hanson, and I want to say that you dairy people always make a good argument for your positions. I regret that your able representative, Mr. Murray, Reid F. Murray, is unable to be here and hear you. He is a very fine member of this committee, and we hope that he will be able to be back with us soon.

Do you have any questions, gentlemen?

Thank you very much.

Mr. HEIMBURGER. Now, we have one other witness, I believe. We will now call Mr. L. H. Swenson, president of the Barnyard Equipment Council, Waterloo, Iowa.

STATEMENT OF LOWELL H. SWENSON, PRESIDENT, BARNYARD EQUIPMENT COUNCIL, WATERLOO, IOWA

Mr. ABERNETHY. You may proceed, Mr. Swenson.

Mr. SWENSON. I will try to cover this as fast as I can.

My name is Lowell H. Swenson, and I am president of the National Association of Manufacturers of Feed and Labor-Saving, Meat Producing Equipment, otherwise known as the Barnyard Equipment Council, and I am assistant to the president of the Hawkeye Steel Products, in Waterloo, Iowa.

The organization which I have the honor to represent is the newest in the farm equipment industry. Barnyard equipment, as we know it today, is itself very new. It includes self-feeders for hogs; automatic livestock-watering equipment; animal stock tanks; electric, oil, and LP gas-heating units for livestock-watering equipment and stock tanks; pig brooders and portable farrowing houses and pens. All of this equipment has three things in common: First, it saves farm labor; second, it promotes more efficient utilization of feed; and, third, it multiplies the Nation's meat-productive capacity. It is not surprising to note that the barnyard equipment industry has had a rapid and accelerated growth during the last 10 years. A period in which farm labor supply has diminished steadily, feed has become more expensive, and meat consumption has increased sharply.

Some of the largest manufacturers in the barnyard equipment industry have been engaged in the manufacture of this feed and labor-saving and meat-producing equipment for less than 5 years. Ten years ago, there were relatively few companies in this field. Today it is estimated that there are from 75 to 100 companies manufacturing barnyard equipment. The Barnyard Equipment Council has compiled a list of 75 companies making barnyard equipment and more names are being added each week.

The Bureau of Census figures for 1949 show total shipments of less than one-third the estimated output of the barnyard equipment industry. Only 58 companies were then reporting to the Bureau. Not included in census figures were the shipments of many companies so new that the Census Bureau did not have them on its mailing list.

The Barnyard Equipment Council now has a membership of 27 manufacturers or about one-third of the industry.

I should add there that it is only 2 months old, and that is one of the reasons for its being that size.

Confidential reports on 1950 shipments from its members aggregated a little more than a third of the estimated total output of the barnyard equipment group.

We believe that shipments of members of the council represent a fair cross-section of industry activity because its membership includes small, medium sized, and large companies in approximately the same proportions as found in the industry as a whole. Conservatively speaking, total shipments for the entire barnyard equipment industry in 1950 were at least two and one-half times the figure reported by the Census Bureau for 1949.

To estimate the material requirements of the barnyard equipment industry, the council made a careful survey among 45 representative manufacturers. A questionnaire listing all of the materials controlled under CMP during World War II was sent to these manufacturers without regard to size of the individual companies. Twenty-one companies, both members and nonmembers, completed the questionnaires and reported on their 1950 shipments.

We have projected the material requirements of the reporting companies, representing about one-third of the industry volume, to cover 100 percent of the companies engaged in the manufacture of barnyard equipment. On this basis, the total tonnage of steel used in the manufacture of barnyard equipment in 1950 was 107,931 tons, a comparatively small amount when considered against the national steel output for that year of 96,713,276 tons. The Farm Equipment Institute, which is the over-all industry association, has estimated that 2,760,000 tons of steel will be needed by the farm-equipment industry to produce as much farm machinery, equipments, and repair parts as in 1950—only 3.8 percent of the total national steel production. Total steel used in the manufacture of barnyard equipment in 1950 was only eleven-hundredths of 1 percent of the national steel output and only 3.8 percent of the total steel requirements of the farm-equipment industry. A detailed statement of the material requirements of the barnyard-equipment industry is attached to and made an appendix to this statement.

Barnyard-equipment manufacturers carried over a substantial backlog of orders for feed- and labor-saving and meat-producing equipment from 1949 to 1950 and from 1950 to 1951, due to the inability of manufacturers to obtain the necessary materials.

Obviously, it would be grossly misleading and unfair, both as to the magnitude of the industry and, most important, as to its needs for materials, to rely upon the 1949 barnyard-equipment figures of the Bureau of the Census.

Meat production accounts for 25 percent of the farm income of the United States, according to the United States Department of Agriculture. We do not discount the importance of tractors, tillage tools, and other farm machinery in producing grains and other sources of farm income. However, we believe it is equally important to see that the farmer is provided with the proper equipment to efficiently utilize feed crops in producing meat. We begin to get some idea of the importance of feed- and labor-saving and meat-producing equip-

ment when we examine the United States Department of Agriculture figures showing the dwindling supply of farm labor and feed grains.

Now, I will skip over a portion of this.

Surpluses of feed grains have all but disappeared, and serious shortages threaten if 1951 does not bring another bumper crop.

I noticed a release in last night's newspapers that the farmers will plant 5 million less acres of corn this year, which means the feed situation is going to be even tighter than we expected.

Mr. ABERNETHY. One reason for that is that when cotton acres go up the corn acres go down?

Mr. SWENSON. That is right.

The Department reports that there was 22 million fewer hogs in 1950 than in 1943. The population of the country increased 14 million during the same period. Meat consumption is climbing again and is expected to reach the record levels of 1943 when the Armed Forces reach their authorized strength and the defense program gets in high gear. This means agriculture must substantially boost meat production during 1951 and the years ahead.

To do this job, agriculture must have at least 25 percent more feed- and labor-saving and meat-producing equipment in 1951 than in 1950. Reports from members of the Barnyard Equipment Council indicate that production of this equipment was running at least 25 percent behind a year ago during the first quarter of 1951.

Now, that is the average for that group. There are some that reported it was running as far as 60 percent behind last year.

Immediate steps must be taken to secure the allocation of necessary materials to the barnyard-equipment industry if it is to produce even 100 percent of the 1950 output this year. The "controlled materials" plan, which we are told by the National Production Authority will become effective June 30 and allocate steel for the fourth quarter, will be too little and too late.

The barnyard-equipment industry needs to be declared essential and materials provided for the manufacture of this feed- and labor-saving and meat-producing equipment if meat production is to be increased to meet United States Department of Agriculture goals.

From recognized agricultural authorities comes abundant evidence of the feed- and labor-saving and meat-producing qualities of modern barnyard equipment.

Labor-saving: Damon Catron, of the Animal Husbandry Division, Iowa State College, Ames, Iowa, foremost authority on swine nutrition in the country, reports that only 1.53 man-hours are required to produce 100 pounds of pork with modern self-feeding and automatic stock-watering equipment as compared with more than twice the labor needed with old-fashioned hand methods of feeding and watering.

L. E. Hanson, of the Animal Husbandry Division of the Department of Agriculture, University of Minnesota, St. Paul, Minn., estimates that a 65-percent saving in labor can be obtained through the use of automatic watering and self-feeding devices. Stated another way, he says:

> One man with properly arranged lots, housing, and automatic feeding and watering devices can raise 1,000 hogs annually. If the same man had to do the watering and feeding by hand, he would have to hustle to raise 350 heads of hogs annually.

L. E. Card, head of the animal-science department of the College of Agriculture of the University of Illinois, Urbana, Ill., reports that one-fifth of the work of producing hogs is in watering. "Five farmers with good equipment and labor-saving methods were able to produce pork with one-fourth as much time as the average for Indiana cost studies," he says in calling attention to experiments conducted at the Indian (Purdue) Experiment Station. "Since from 50 to 60 tons of feed must be handled from one to five times to produce each 100 market hogs," Mr. Card continues, "it is obviously important to use labor-saving equipment and methods whenever possible."

Lawrence E. Carpenter, associate professor of animal husbandry at the Hormel Institute of the University of Minnesota, Austin, Minn., another leader in swine nutrition, says:

> Much experimental work has been carried out which demonstrated that there is a considerable saving of both labor and feed when hogs are self-fed, as compared to the old hand-feeding method. * * * Only through the use of modern feeds and feeding methods can we produce the meat that is demanded in these trying times. The use of self-feeding equipment will do much to conserve feed and solve many labor problems on the farm.

Feed-saving, faster weight gains: Mr. Hanson of the University of Minnesota, further states:

> Pigs that are self-fed consume the maximum amount of feed in the shortest period of time. Thus they make more rapid gains and usually more efficient gains that when hand-fed. In 24 experiments summarized by Morrison, in which pigs were either self-fed or hand-fed in dry lot, the self-fed pigs made average gains of 1.59 pounds daily as compared with 1.42 pounds daily for the hand-fed pigs. * * * Self-feeding resulted in saving of 11 pounds of feed per 100 pounds of gain.

Mr. Card, of the University of Illinois, says:

> It has been demonstrated repeatedly that self-fed hogs will gain more rapidly than hand-fed hogs under the same conditions.

He believes that mechanization of livestock production is a "must" in efficient farm operation under today's competitive conditions and high labor costs.

In conclusion, let me summarize:

1. Four million more pigs are now being farrowed than last spring. To take care of the total crop of spring pigs, the barnyard-equipment industry immediately should be declared essential and a program established which will give these manufacturers at least 25 percent more material in the second quarter of this year than they received in the same period of 1950.

2. In order to provide the necessary feed- and labor-saving and meat-producing equipment to fulfill United States Department of Agriculture goals for 1951 and the critical years ahead, the barnyard-equipment industry needs 125 percent of the material used in 1950.

(Exhibits A and B submitted by Mr. Swenson and various letters, also submitted by Mr. Swenson, are as follows:)

EXHIBIT A

A SURVEY OF BARNYARD-EQUIPMENT INDUSTRY'S TOTAL USE OF MATERIALS IN 1950

This is a confidential report to Barnyard Equipment Council. Only totals of all reports will be used. Your individual report will be returned to you. Please report promptly and accurately. This information will be used in presenting the industry's needs to NPA, USDA, and other Government allocating authorities.

Report in tons for calendar year 1950

Iron castings, rough and semifinished (received from foundry):	
Gray iron castings (rough as cast)	8,349
Malleable iron castings (rough as cast)	273
Steel castings, rough and semifinished (received from foundry):	
Carbon steel (rough as cast)	19½
Alloy and stainless steel (rough as cast)	----
Steel mill shapes and forms:	
Carbon steel:	
Bars and bar shapes	3,676½
Sheet and strip (except galvanized)	7,807½
Galvanized sheet and strip	83,982
Tin plate, terne plate, and black plate	150
Plates	8¼
Wire	1,068¾
Pipe and tube	1,461
All other mill shapes and forms	180
Alloy steel (except stainless):	
Bars and bar shapes	3
Plates	3
All other mill shapes and forms	----
Stainless steel	108
Aluminum:	
Castings (including die)	72
Plate, sheet, and strip	31½
Rolled structural shapes, rod, bar, and wire	15
Extruded shapes, rod, bar, and tubing	----
Powder	[1] 300
Copper and copper-base alloys:	
Alloy plate, sheet, and strip	90
Alloy rod, bar and wire, including extruded shapes	57⅜
Alloy tube and pipe	90
Unalloyed plate, sheet, and strip	33
Unalloyed rod, bar and wire, including extruded shapes (not including wire for electrical conduction)	----
Unalloyed tube and pipe	39
Copper wire and cable for electrical conduction only (report copper content of insulated wire and cable)	12¾
Copper and copper-base alloy castings	103½
Magnesium:	
Castings (including die)	----
Extrusions	----
Flat-rolled products	----
Powder and other mill forms	----

[1] Pounds.

Keep one copy for your records. Mail one immediately to: Barnyard Equipment Council, Room 1500, 330 South Wells Street, Chicago 6, Ill.

EXHIBIT B

Growth of hog-equipment business

[United States census figures]

	Hog feeders	Tanks	Hog troughs	Hog waterers	Outside watering bowls
Year:					
1939	80,311	86,245	165,057	----	----
1940	63,986	127,554	192,649	----	7,987
1941	53,061	----	198,412	92,500	5,684
1942	52,919	----	37,267	51,642	27,573
1943	67,089	----	53,547	124,859	22,638
1944	86,273	128,138	214,330	268,210	5,234
1945	92,915	178,342	191,060	195,964	11,935
1946	133,039	152,950	172,491	143,624	5,474
1947	65,528	141,241	100,434	112,615	3,672
1948	106,300	129,661	110,402	123,668	4,074
1949	138,261	175,998	131,153	163,124	10,062

FELKER BROS. MANUFACTURING CO.,
Marshfield, Wis., March 15, 1951.

Mr. LOWELL H. SWENSON,
President, Barnyard Equipment Council,
Hawkeye Steel Products Co., Waterloo, Iowa.

DEAR MR. SWENSON: Confirming our phone conversation of this a. m., we folks in the barnyard-equipment business in north and central Wisconsin, with our principal jobber located in Minneapolis, Minn., are much concerned over the shortage of galvanized-steel sheets and light galvanized-steel angles, brass floats for hog waterers, butted-steel tubing, rivets, etc., used in the manufacture of galvanized-steel stock-watering and storage for the farms producing milk, butter, and cheese for the Nation's tables.

We are hoping that essentiality, based on the use end, largely may govern the supply of above steel for our manufactures which so promptly find their way to the farms of a great portion of America.

Our source of steel supply of galvanized-steel sheets and angles is United States and Inland Steel Co., with some coming from American Rolling Mill Co. The same sources of supply furnish our hot-rolled sheets for farm storage of fuel oil, Diesel-powered tractors, and gasoline. About 65 percent of all our steel supply comes directly from above steel rolling mills.

However, the black marketeers are pretty tough hombres. Black hot-rolled sheets are being quoted at two to three times the mill prices. And, whereas we pay the mills $6.47 per 100 pounds of galvanized-steel sheets, black-marked galvanized-steel sheets are quoted as high as $18.25 per 100 pounds f. o. b., dock New York, N. Y. This latter we believe is French-origin steel. Needless to say, we cannot afford any $18.25 galvanized steel.

Sincerely,

FELKER BROS. MANUFACTURING CO.,
By A. G. FELKER, *President.*

THE CELINA MANUFACTURING CO.,
Celina, Ohio, March 16, 1951.

Mr. LOWELL SWENSON,
President, Barnyard Equipment Council,
Waterloo, Iowa.

DEAR LOWELL: Since last talking to you, the material situation in our plant has grown worse, and we have been forced to reduce our force by 20 percent, with more lay-offs facing our men in the future unless something is done to relieve the scarcity of necessary materials; and, of course, our production will be cut accordingly.

It does seem to us that material could be furnished for the items of farm equipment that are essential to the highest degree, in the war effort and surely barnyard equipment that is used 24 hours a day and 365 days a year is highly essential for producing meat and milk.

We feel that the Office of Price Stabilization policy should take into consideration increased overhead expenses which have taken place since the start of the Korean war, in addition to the increases in labor and material.

Very truly yours,

THE CELINA MANUFACTURING CO.,
By R. R. HATTERY, *President.*

PAX STEEL PRODUCTS, INC.,
Coldwater, Ohio, March 17, 1951.

Mr. LOWELL SWENSON,
President, Barnyard Equipment Council,
Care of Statler Hotel, Washington, D. C.

DEAR MR. SWENSON: As a member of the Barnyard Equipment Council and one of the largest manufacturers of hog feeding and watering equipment in the industry, we want to state our views on the adverse conditions which have caused us due concern in the operations of this business.

Being manufacturers of equipment used in the feed and labor saving production of farm animals and equipment which is used considerably every day of the year by farmers to meet the labor shortage on the farms, we feel that materials should be forthcoming to meet the farmer demands.

To feed the ever-increasing population of our country with the saving of manpower and feed in these critical times, would require that steel be allocated for this important industry. Urging the farmers to grow more feed and have it harvested and then wasting it under feeding conditions that was used 40 years ago is not good logic.

We have experienced considerable difficulty in obtaining galvanized sheets from the mills and warehouses, and we feel that a 45-day supply of steel is nearly a must in the operation of our plant. This condition has changed in the last 6 months and today we are practically on a hand-to-mouth basis, with our steel requirements cut back in production and the lay-off of employees for several days have been frequent, due to the scarcity of steel.

Administrative costs have risen due to decreased allotments, and we feel that a roll-back of prices to the pre-Korean War could not be justified, disregarding the increased wages and costs of material since that time.

We hope this will be helpful in placing this material in the hands of all manufacturers for farm use and not just a selected few.

Very truly yours,

PAX STEEL PRODUCTS, INC.
N. J. SMITH.

THE SIOUX STEEL CO.,
Sioux Falls, S. Dak., March 16, 1951.

Mr. LOWELL H. SWENSON,
Care of Statler Hotel, Washington, D. C.

DEAR MR. SWENSON: Replying to your March 14 letter, we are, of course, most happy that you have been invited to appear before the House Committee on Agriculture on March 19 and 20. It is most certainly unfortunate that such an important contact on your part should be on such short notice that you have been unable to prepare a questionnaire which all members of the Barnyard Equipment Council could fill out and return to you to permit you to present figures representing the over-all situation in our industry.

Briefly following is our situation:

1. In 1950 we received less than 8 percent of the steel we received in 1949 (1949 was the first year in many years that we were permitted to purchase all the steel we required to supply our customers).

2. With priority assistance at this time, it would be impossible for us to get on a rolling schedule with any of our suppliers previous to the month of June. This would probably mean July shipment, August manufacture, and approximately September delivery in the hands of the farmer. Speed in setting up a priority system is most essential if any material results are to appear in 1951.

3. To answer your question as to whether critical materials should be distributed to the farm equipment industry, in accordance with the degree of the essentiality. If the farm-equipment industry is to receive any practical assistance for the farmer to use during the crop year of 1951, it appears to us that speed is the primary consideration. We feel that it would take a tremendous organization to do a reasonably accurate job of determining theoretical essentiality of equipment in each given trade territory. It would be our suggestion, for the sake of speed, if for no other reason, that each farm-equipment industry be allocated tonnages of each critical material on the basis of their 1949 purchases exclusive of materials purchased to fill Government contracts. We suggest 1949 because so far as galvanized sheets are concerned, 1949 is the only year during the past years that we have been able to purchase with only the requirements of our customers and our ability to fabricate, as factors.

As manufacturers of a number of farm equipment items, we believe that we can best determine the requirements of our trade territory, to utilize the material we are allocated to the best possible advantage. Logically, we would attempt to purchase material from which to fabricate items for which the greatest demand made sales the easiest for us. Manufacturers specializing on one agricultural item would logically cause us to adjust our production to other items and I am sure that the over-all result in our particular trade territory would be one in which the ultimate consumer would find available the items he needed most. We doubt that any statistic or any staff of men in Washington would be able to determine the actual needs of our customers more accurately.

4. You asked regarding the roll-back of prices to pre-Korean War. It appears to us that such a policy definitely would cause less production of close-margin

items and increased production of long-margin items. It is our personal observation, items in the greatest general demand, representing the greatest over-all volume, are always sold on the closest margin of profit. It is also our observation that, if this margin of profit is materially reduced, such item would soon go out of production, and be replaced with items bearing a larger percentage of profit which the ultimate consumer would be forced to buy because the low margin of profit item was no longer available.

It is our opinion that, with no consideration given to overhead or profit, pre-Korean War prices will automatically eliminate from the market the items which have been most popular, because of their utility and their price. Statistically, the Government could show that prices have been controlled so that only the manufacturer suffers. Practically, the consumer would find that without resorting to black markets, the more popular items were not available.

I fully appreciate that our comment in the foregoing is of little interest to those politically minded, and you no doubt will prefer that our answer to your question 2 should not be included in your testimony.

In summary, we strongly feel that a simple, quick operating, priority system is necessary if our customers are to receive a reasonable quantity of our products during 1951. A more complicated system of allocation might later be devised, if the simple program brought out outstanding weaknesses. We do no think there is time to build up a huge priority personnel, and we question that such personnel would be able to better allocate material, than can manufacturers who are in closest touch with conditions in their particular trade territory at a given time.

Sincerely yours,

SIOUX STEEL CO.,
M. L. RYSDON, *President.*

FRANKLIN EQUIPMENT CO.,
Monticello, Iowa, March 15, 1951.

Mr. LOWELL H. SWENSON,
President, Barnyard Equipment Council,
Waterloo, Iowa.

DEAR MR. SWENSON: Although your March 14 letter doesn't permit time to go into any detail, we will endeavor to explain our situation in concise form.

We are having our difficulties in securing needed materials, possibly more than other manufacturers—we don't know as to this, but we do know that we aren't getting our share. For our hog feeders, waterers, and troughs, we require mostly sheet metal, both galvanized and hot-rolled, and we have been getting so little such material that our output has been cut about 50 percent already.

We have no definite promises of any sheet metal so it appears that our production will be even further reduced, possibly stopped entirely. So far we have not had to lay off any employees because we have been able to transfer them to other departments temporarily. But, with the material situation getting steadily worse, we cannot continue to operate as we have been and in the not-too-distant future will be forced into a reduction of hours or working force.

From mills, our usual source of supply, we are getting very little steel, and what little available from other sources is priced beyond reason. We are being asked up to 16 cents per pound for hot-rolled sheets and 20 cents for galvanized. That is twice as much as we can afford to pay and about three times as much as we should be getting the material for. With our selling prices under control, there is a limit on the additional material cost which we can absorb.

We do not object at all to having critical materials allocated to farm-equipment manufacturers according to the degree of essentiality of the product to be produced, but we are very much opposed to the OPS plan which would roll back prices to the pre-Korean War and then permit the addition of only actual increase on labor and material.

Needless to say, we hope that the information you can give to the House Committee on Agriculture next week will result in eventual relief to our industry.

Sincerely,

C. E. PODHASKI, *Sales Manager.*

ILLINOIS CULVERT & TANK CO.
Peoria, Ill., March 16, 1951.

Mr. LOWELL H. SWENSON,
President, Barnyard Equipment Council,
Chicago, Ill.

DEAR PRESIDENT SWENSON: The animal stock tanks and livestock feeders which we manufacture in our plant are manufactured from galvanized sheet steel, which we purchase in 14, 29, and 26 gages. Prior to World War II, our source of supply for this material was the Republic Steel Corp. and we enjoyed an allocation under the controlled materials plan during World War II, which allocation was placed primarily with Carnegie-Illinois Steel Corp., due to the fact that its plant was nearer to our manufacturing facilities.

At the end of World War II, we, for a short time, continued to purchase galvanized from Carnegie-Illinois, but within a few months we were notified that, due to the fact that we had not bought from them prior to World War II, and had no prewar history they could no longer honor our orders and it would be necessary to purchase sheets from our prewar source. For approximately 1 year more, or until about the middle of 1947, we were able to secure sheets from Republic Steel Corp., but at that time they discontinued the manufacture of light-gage galvanized, which they consider 20 and 26 gages to be, for shipment into the Chicago area and I am certain that this was a definite company policy and our particular company did not alone suffer from its decision. This left us without any prewar source and it was necessary for us from then on to purchase steel wherever we could find it, and I am sure that we all know what a difficult job this has been.

We were able to secure a few cars of material from Armco, a few cars from Newport Rolling Mill, and a few from Continental Steel Corp.; however, this altogether was not anywhere near as much tonnage as we had been allocated during the war, and, of course, nowhere near the amount that we could have used in order to help satisfy the pent-up demand for our products . We tried to fill in with purchases from warehouses and even by paying the regular warehouse prices. This has placed us at a disadvantage in the market and made our operations more costly than those of our competitors. Within the last year the regular warehouses, which I consider to be in our area, such as Jones and Laughlin, Ryerson, Great Western Steel, and so forth, have not had available any galvanized sheets, except a couple tons or two. Therefore, it was necessary for us to buy from numerous new steel enterprises, which seem to have sprung up since the war. Last year we secured not more than 250 tons of galvanized from the regular mill sources. The balance from these new warehouses cost us from 12½ cents to 22½ cents per pound, where the regular mill price, and we are mill buyers normally, is 6½ cents per pound. What high-price steel we have bought was just to keep a bare minimum of our employees on the job.

I am sure that this is an old story to you and I have brought this to the attention of our Congressman and Senator. At the present time we are operating at less than 25 percent of capacity, due to the material shortages and there is a crying need for our products throughout the whole Middle West. Therefore, it seems to me that it is extremely unfair to allocate critical materials on the basis of any record such as using the years 1947–48 and 1949 for a base period. The allocation should be made in accordance to the degree of essentiality of the equipment manufactured.

Now, as regard to prices of our product. If some method is arrived at that we can secure the galvanized sheets we need, at mill prices instead of being forced to pay numerous middlemen; undoubtedly, the price of our product can be considerably lessened and we, ourselves, would be in a better financial position from a profit standpoint.

In regard to profit, our operation last year was in the red to the tune of 4 percent of our sales. If it hadn't been for products other than farm equipment, we could not have existed. However, we constantly hoped for some break in the critical materials market and we did not feel we could afford to lose our customers.

I believe that a roll-back of prices to a pre-Korean War basis would be fair, if we could add to these prices the increase in the price of steel, which has been made since, plus the increased labor rate we are now paying, and also, of course, our overhead should be allowed to increase as everything is more expensive as of today, and certainly, in our case, some adjustment would have to be made for profit, because we were operating at a loss and it would be of no help to us

to have a pricing policy that would state that our margin of profit must be the same as it was in the pre-Korean days.

We have not had much time to prepare detail facts, but I can open our records and prove any of the above-made statements.

Yours very truly,

ILLINOIS CULVERT & TANK CO.,
K. N. WALTERS, *President.*

STEEL CO. OF OHIO,
Columbus, Ohio, March 16, 1951.

Mr. LOWELL H. SWENSON,
Assistant to the President, Hawkeye Steel Products, Inc.,
Waterloo, Iowa.

DEAR SIR: Your letter of the 14th with reference to information necessary to present our cause before the House committee in Washington, D. C., on the 19th and 20th has been received in connection with the critical steel situation for barnyard equipment, which has caused us to curtail production on hog feeders 75 percent.

This in turn has caused our plant employment to be reduced, and also has created a hardship upon us in carrying some parts inventory of feeders, which does not enable us to ship complete units.

At one time last year we did purchase some galvanized from sources that charged us double the mill price to enable to continue full production, but we soon found out it was impossible to continue on that basis.

In answer to your No. 1 paragraph, whether material should be allocated to manufacturers in accordance with the degree of essentiality, we do feel that would be the proper procedure.

In answer to your No. 2 paragraph, we do not think that manufacturers should be required to roll back prices at this time.

Hoping this information will be of some assistance, and wishing you success for our mutual benefit, we are

Very truly yours,

STEEL CO. OF OHIO,
I. E. SEALFON.

Mr. SWENSON. I might say in addition to the statement that the Barnyard Equipment Council, for whom I am speaking, subscribes fully to the program outlined by the Farm Equipment Institute. We feel the emergency program which would take care of June would be a step in the right direction, and perhaps special allocation programs might be necessary to get the job done until the CMP can become actually effective.

Mr. ABERNETHY. Thank you, Mr. Swenson.

I want to say that I think both you and Mr. Hanson have done a complete job in presenting the needs for your industry.

Mr. Hanson, I understand that you have a statement you wish to have inserted in the record; do you not?

Mr. HANSON. Yes, sir; I have a statement that is made on behalf of the poultry-equipment situation. There is no group that has been formed for that group of manufacturers, and I would like to have this statement inserted in the record.

Mr. ABERNETHY. It may be inserted in the record at this point.

(The statement of Mr. C. A. Hanson regarding the poultry-equipment situation is as follows:)

STATEMENT MADE BY C. A. HANSON, EXECUTIVE VICE PRESIDENT, JAMES MANUFACTURING CO., FORT ATKINSON, WIS., ON THE POULTRY-EQUIPMENT SITUATION BEFORE THE HOUSE AGRICULTURAL COMMITTEE, TUESDAY, MARCH 20, 1951

We appreciate the opportunity given us to make a report for the poultry-equipment industry in that they are not represented as an association group at this hearing.

The problem of the poultry-equipment manufacturers is almost identical to that of the barn-equipment group.

Attached is a summary of the Bureau of the Census reports on four major poultry-equipment items for the years 1940 through 1949. This census report shows that during 1948 and 1949 far less than a normal amount of poultry equipment was purchased due to low prices for poultry produce.

You will note, for example, that in both of these years fewer brooders were purchased than in 1947 and 1946. Likewise, in these 2 years, poultrymen purchased only about half the quantity they bought during the war years of 1944 and 1945.

It is also an interesting fact that on all items shown there was substantially fewer purchased in 1949 than in 1941—a year that some accept as a normal basis of calculation. This reduction in the production of poultry equipment was plainly due to the extremely low prices received for poultry products, and did not truly reflect the then existing need for labor-saving equipment.

It is to the credit of our poultry raisers that they did a commendable job with what they had to do with. Now, that well-worn equipment is long overdue for replacement. Evidence supporting that statement has been the accelerated demand for equipment during the past year, in which prices for poultry and eggs have been more favorable to the farmer. On top of that is the almost mandatory call for greatly expanding the production of eggs and poultry meat. Poultrymen have experienced a decided reduction in their income, although not exactly during the same periods as the dairyman.

In May 1950 the United States Department of Agriculture reported that "Among livestock products, prices received by farmers have declined about 25 percent for both dairy products and meat animals during the postwar period and about 40 percent for poultry and eggs."

On February 15, this year, the United States Department of Agriculture stated, "In mid-January 1951 chicken prices were 80 percent and turkey prices 88 percent of parity. On the same date hogs were 97 percent of parity, beef cattle 141 percent, veal calves 143 percent, and lambs 143 percent."

You can well appreciate that this price situation has very drastically affected the poultryman's purchase of equipment. Likewise, it has had its effect on production and storage of eggs in relation to current consumption.

In January the United States Department of Agriculture reported in the Poultry and Egg Situation that "the year 1951 opened with the smallest shell-egg stocks on record, and with holdings of frozen eggs at a lower level than at any other time in the last 23 years. Under these circumstances, the absence of stored shell stocks to compete with fresh, and the need for breaking eggs for immediate use, as liquid or frozen, have contributed to the ready clearance of current production from the markets at prices exceeding those of a year ago."

Because of adverse conditions, we find, too, the poultry population has declined from 395,795,000 layers on farms in 1944 to only 356,000,000 layers on farms in 1950. This, in spite of the fact that during this same span of time we have had an increase in human population of about 13,500,000.

The poultry industry has consistently increased the rate of lay from 123 eggs per hen in 1940 to 142 in 1943, and to 167 eggs per hen in 1950. Increased production per hen has been accomplished through better feeding, breeding, housing, and management. Good equipment, such as sanitary fountains, feeders, nests, etc., help increase production, reduce mortality, save labor, and save feed. Proper environment maintained through good housing and ventilation all help materially to increase poultry production. These factors alone have enabled the poultry industry to keep pace with increased demands with a smaller poultry population.

The attached chart on sources of farm income shows chickens and eggs at $3,202,371,000, which was 10.4 percent of the total agricultural income in 1949. This compares with 8.6 percent for cotton, 12 percent for hogs, and 14.5 percent for grains.

Poultry production on farms is one of the major sources of farm income, and one of the principal sources of this Nation's food supply. We can all remember the important contribution made by the poultry industry to the Nation's meat supply during the last war emergency. Poultrymen are doing a better job today in spite of the unfavorable price situation they have been facing.

Fortunately, egg prices strengthened over a year ago and, as a result, the demand for poultry equipment to raise additional birds is exceeding the supply. We believe that the United States census figures very adequately show the problem as it exists today.

Production of poultry equipment must be stepped up to equal the units produced in 1945 if the poultryman is going to have the labor-saving equipment needed to make his production goals. Within the last 2 years the poultry equipment industry has developed a new automatic poultry feeder. This feeder enables 1 man to take care of about 40,000 broilers as compared with about 8,000 to 10,000 with the old type of hand-feeding methods.

Unfortunately, this unit is such a recent development that it does not have any historical record in the census. Unless special consideration is given to it in the allocation of materials, it could very well be left out of the controlled materials plan. We feel this unit is a most important labor-saving device. Along with the other items it should receive allocations of materials far in excess of what was used during the last year.

Storage stocks of poultry products are at record lows, as reported by the United States Department of Agriculture. We firmly believe that increased supplies of poultry equipment are necessary. Abundant farm production is necessary to lessen the dangers of run-away inflation.

Poultry equipment unit production, Bureau of the Census reports

Year	Brooders	Nests	Poultry feeders	Poultry waterers
1940	248,328	(1)	2,645,326	3,472,722
1941	320,090	(1)	5,942,747	6,982,448
1942	334,777	(1)	3,548,224	9,213,804
1943	469,661	(1)	2,220,822	6,128,300
1944	[2] 514,935	(1)	5,854,144	6,926,304
1945	[2] 441,948	(1)	[2] 7,394,782	[2] 10,682,875
1946	384,774	87,670	[2] 7,448,194	4,622,043
1947	326,669	187,229	4,439,233	2,817,837
1948	209,720	188,028	4,853,655	3,796,545
1949	284,843	282,206	5,049,755	3,885,247

[1] No census.
[2] Years in which production most nearly equaled demand.

Sources of farm income—U. S. Department of Agriculture

Year	Amount	Dairy cattle	Hogs	Chicken and eggs	Other livestock	Grains	Cotton	Vegetables	Fruit and nuts	Other crops
		Percent	*Pct. cent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1943	$21,609,000,000	20.3	15.3	12.8	11.0	9.0	6.1	9.8	6.0	9.7
1944	22,563,000,000	20.2	14.0	11.4	10.4	10.5	6.6	9.6	7.1	10.2
1945	23,784,000,000	20.9	11.2	12.3	12.0	11.6	5.1	9.4	6.6	10.9
1946	27,488,000,000	21.7	12.5	10.3	11.6	11.9	5.4	8.9	6.9	10.8
1947	33,291,000,000	20.6	13.9	9.3	11.7	14.7	6.7	8.1	4.3	10.7
1948	33,479,783,000	21.1	12.8	10.6	12.5	14.6	7.8	7.0	3.2	10.1
1949	30,631,344,000	20.5	12.0	10.4	13.0	14.5	8.6	7.1	3.9	10.0

LIVESTOCK EQUIPMENT MANUFACTURED BY THE POULTRY EQUIPMENT INDUSTRY

Electric chick brooders
Gas chick brooders
Coal-burning chick brooders
Oil-burning chick brooders
Wood-burning chick brooders
Chick feeders
Broiler feeders
Flock waterers
Electric heaters for waterers
Chick waterers
Nests
Battery brooders
Wire hen cages
Broiler batteries
Incubators
Automatic poultry feeders
Ventilators
Fans
Intakes
Windows
Wafers
Thermostats
Time switches
Egg scales
Float valves
Egg graders
Stock pans
Troughs
Hog self-feeders
Hog waterers
Pig brooders
Stock tank heaters

POULTRY EQUIPMENT COMPANIES

1. Air-Tite Products Co., Vineland, N. J.
2. Alberts Manufacturing & Supply Co., Van Nuys, Calif.
3. Anderson Box Co., Indianapolis, Ind.
4. William Roland Anderson, Orange, Calif.
5. Automatic Poultry Feeder Co., Zeeland, Mich.
6. Babbit Manufacturing Co., Vineland, N. J.
7. Beacon Steel Products Co., Inc., Westminster, Md.
8. Behler-Young Co., Inc., Grand Rapids, Mich.
9. Biddy-Wise Co., Los Angeles, Calif.
10. B. K. Brooder Co., Dayton, Ohio
11. Brower Manufacturing Co., Inc., Quincy, Ill.
12. Buckeye Incubator Co., Springfield, Ohio
13. Bussey Products Co., Chicago, Ill.
14. Campbell's Hatchery, Campbell, Calif.
15. Chanticleer Products Co., Baldwin Park, Calif.
16. Chewalla Sanitary Brooder Manufacturing Co., Holly Springs, Calif.
17. Cyclone Manufacturing Co., Urbana, Ind.
18. Day-Riddle Manufacturing & Supply Co., Orange, Calif.
19. Doughboy Industries, Inc., New Richmond, Wis.
20. Edco Poultry Equipment Co., Inc., Vineland, N. J.
21. Egsavers Nests, Inc., Burlington, Wis.
22. Ever-Ready Poultry Equipment Co., Chicago, Ill.
23. Fox Products Co., Philadelphia, Pa.
24. Gorton Manufacturing Co., Quincy, Ill.
25. Harford Metal Products, Inc., Aberdeen, Md.
26. H. W. Hart Manufacturing Co., Glendale, Calif.
27. Hawkins Million Dollar Hen, Inc., Mt. Vernon, Ill.
28. Hester Manufacturing Co., Presser, Wash.
29. W. C. Hopson Co. (simplex), Grand Rapids, Mich.
30. H. D. Hudson Manufacturing Co., Chicago, Ill.
31. Ideal Wire Works, Los Angeles, Calif.
32. James Manufacturing Co. (Jamesway), Fort Atkinson, Wis.
33. Carl J. Jolly, Owatonna, Minn.
34. M. K. Hoke Estate, Manheim, Pa.
35. Keen Equipment Co., Vineland, N. J.
36. Kitson Feeder Division, Reliance Metal Products, Morley, Mich.
37. Klein Manufacturing Co., Burlington, Iowa
38. Langdon Manufacturing Co., Glendale, Calif.
39. Lyon Rural Electric Co., San Diego, Calif.
40. MaComb Poultry Equipment Co. (Globe), Kokomo, Ind.
41. McChesney Specialty Works, Cardiff-by-the-Sea, Calif.
42. McGrew Machine Co., Inc., Lincoln, Nebr.
43. Roy L. Meyers Manufacturing Co., Janesville, Wis.
44. Mit-Shel Stamping Manufacturing Co., Inc., Quincy, Ill.
45. Miller Manufacturing Co., St. Paul, Minn.
46. National Farm Equipment Co., Inc., New York, N. Y.
47. National Ideal Co., Inc. (Warner), Toledo, Ohio
48. Nelson & Randall, Monrovia, Calif.
49. Noble Manufacturing Co., Haydenville, Mass.
50. Oakes Manufacturing Co., Inc., Tipton, Ind.
51. Poormans Poultry Products, Tinley Park, Ill.
52. Rau Manufacturing Co., Tacoma, Wash.
53. Renfro-Franklin Co., Baldwin Park, Calif.
54. Royal Manufacturing Co., Inc., Bowling Green, Ohio
55. Rudolph Poultry Equipment Co., Vineland, N. J.
56. Russell Manufacturing Co., Caro, Mich.
57. Sauer Bros., Hayword, Calif.
58. H. M. Sheer Co., Inc., Quincy, Ill.
59. Shenandoah Equipment Co., Harrisonburg, Va.
60. Silent Sioux, Orange City, Iowa
61. Tweet-Bernard Co., Inc., Sioux City 19, Iowa
62. Val-A Co., Chicago, Ill.
63. Warner Brooder (National Ideal), North Manchester, Ind.
64. West Coast Equipment Co., Hayword, Calif.

65. White Manufacturing Co., Gardena, Calif.
66. Willauer Machine Co., Quakertown, Pa.
67. A. R. Wood Manufacturing Co., Inc., Santa Cruz, Calif.
68. Spot Welded Products Co., Artesia, Calif.

AUTOMATIC POULTRY FEEDER MANUFACTURERS

1. Anderson Box Co., Indianapolis, Ind.
2. Automatic Poultry Feeder Co., Zeeland, Mich.
3. Brower Manufacturing Co., Quincy, Ill.
4. Buckeye Incubator Co., Springfield, Ohio
5. James Manufacturing Co., Fort Atkinson, Wis.
6. Keystate Manufacturing Co., Lewistown, Pa.
7. Kitson-Reliance Metal Products Co., Morley, Mich.
8. Kreider-King Industries, Goshen, Ind., now Pruden Products Co., Fort Atkinson, Wis.

Mr. ABERNETHY. The committee will stand in recess.

(Whereupon, at 3:30 p. m., the subcommittee recessed.)

FARM MACHINERY

WEDNESDAY, MARCH 21, 1951

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 10 a. m., in room 1310, New House Office Building, Hon. Thomas G. Abernethy presiding.

Mr. ABERNETHY. The committee will please come to order.

As a preliminary statement with regard to this meeting I would like to say that the Secretary of Agriculture has set very high goals for agriculture for 1951. The goals were set at a high figure because of a great need for a high production of food and fiber during the emergency. For instance, the Secretary has set the year's production of cotton at 16 million bales which will require the planting and harvesting of approximately 28 million acres of cotton.

All of this, as everyone knows, is in considerable excess of the amount of cotton planted last year.

The country at this time is consuming corn at the rate of $3\frac{3}{10}$ billion bushels per annum. Of course, the production goals will necessarily require the farmers to produce corn in amounts which approximate that figure.

It might be interesting to know that in only 2 years in the history of this country have our farmers been able to produce that amount of corn.

Production goals similarly apply to other crops. If these goals are to be met, then it is incumbent upon other branches of the Government to do their part in an effort to provide an adequate amount of machinery, labor, insecticides, fungicides, fertilizers, and other equipment necessary to produce the food and fiber.

Last fall the fertilizer manufacturers reported to a subcommittee of this committee that it would be able to supply the amount of fertilizers needed during this year.

Similar reports were made by the manufacturers of insecticides.

The machinery manufacturers indicated that they could maintain a normal production.

There was quite a change in the picture when January 1 came around.

The fertilizer manufacturers stated that for certain reasons which are well known that they would not be able to meet the required amounts.

The insecticide manufacturers have made similar reports.

The machinery manufacturers have made similar reports. Not only with regard to machinery, but with regard to parts which are necessary to keep present machinery on the farms going.

The manpower situation is well known to all of us at the farm level. It is probably worse today or equally as bad as it was at any time during World War II. And right now there is a very serious problem throughout the farm area with regard to manpower and it is going to get worse, as we all know, because there will be a further drain of men from the farms by selective service and by industry.

I understand that since 1940 farm labor—and when I say farm labor I mean home labor, the type of labor that is found within the family residing on the farm—that that type of farm labor has been reduced by 23 percent, that is, 23 percent from 1940 to 1948. Of course, the situation has been further aggravated since 1948.

So we are confronted with four terrific problems, problems which make it almost impossible unless something is done for the farmers of this country to meet the food and fiber goals set by the Department of Agriculture. And those problems are manpower, machinery, insecticides, and fertilizers.

Over the years we have been able to increase our per capita production on the farm. We have had to do so inasmuch as labor has constantly left the farm. And the things which have contributed most to the per capita production on the farm are the use of machines which replaced manpower and the use of fertilizer.

Of course, the use of fertilizer at the same time contributes to the preservation of our soil.

We might illustrate what I have to say about machines with these figures. In 1940 there were 1,500,000 tractors on the American farms. In 1950 there were 3,600,000 tractors.

In 1940 there were 374,000 combines. In 1950 there were 672,000 combines.

In 1940 there were 130,000 corn pickers. In 1950 there were over 400,000 corn pickers.

So you can readily see that American agriculture has geared itself most rapidly to a mechanized system of farming.

With manpower declining and with this committee now endeavoring to import labor from Mexico it certainly is most essential, since we do not know that we are going to get the labor, that we certainly maintain the production and distribution of manpower-saving machines such as tractors and combines and corn pickers and cotton pickers, and so on.

We read and hear so much now about the high price of food. It is the opinion of members of this committee, as well as those in the Department of Agriculture, that food will no doubt be higher unless the production goals as fixed by the Department of Agriculture are met. You can put on the books all of the price controls you can think of, but when commodities get scarce and the bellies of the people of this country are hungry, if there is a ceiling price on an article at $1 and the man is hungry he will pay $2 to get it. So that the only means by which food can be channeled to the consumers of this country at a reasonable price is through the production of food in quantities as fixed by the Secretary of Agriculture.

We feel without criticism of anyone that there is a thought in some sections of this Government that food grows, just grows, that you put the seeds on the ground and they sprout, grow, and gather themselves and almost walk to market. That may be rather a strained illustration, but we have run into some such opinions.

Food cannot be so produced and marketed. It requires the four things that we have just commented on in order to get the food to the consuming public.

There is a feeling in this committee, we may be wrong, but we will find out, that agriculture is not regarded as too essential to the present emergency and at most that it is regarded only semiessential. We want to know where it stands. If it stands at one point or at another, that is what we want to know. We think we have a right to know. We think the Department of Agriculture has a right to know. And we think the farmers have a right to know.

If it stands or holds a high position in this emergency, then we think it should have high priorities in the allocations of materials necessary for the production of insecticides, for the production of farm machinery, for the production of fertilizer, and for the distribution of manpower.

So with those thoughts in mind this committee directed a letter through its chairman, Mr. Cooley, to Mr. Wilson and invited him to appear and let us have his thinking on this subject and give us some idea of what his agency and his subordinate agencies were doing about it.

Mr. Wilson replied to the letter to the effect, I believe, that he had an appointment for today, that he could not be here, and suggested that we invite General Harrison.

We extended General Harrison an invitation and also Mr. Fleischmann.

I understand that Mr. Fleischmann is here. I am informed that Mr. Harrison is not here.

I would like to know if there is anyone here who can give us some information about Mr. Harrison.

STATEMENT OF MANLY FLEISCHMANN, ADMINISTRATOR, NATIONAL PRODUCTION AUTHORITY, ACCOMPANIED BY THOMAS NICHOLS, SPECIAL ASSISTANT TO THE ADMINISTRATOR, NATIONAL PRODUCTION AUTHORITY, AND MELVIN ANSHEN, ASSISTANT DIRECTOR OF PROGRAMS AND REQUIREMENTS, DEFENSE PRODUCTION ADMINISTRATION

Mr. FLEISCHMANN. I believe Mr. Harrison is sick in bed at home. That is what I was told.

Mr. ABERNETHY. You are whom?

Mr. FLEISCHMANN. I am Mr. Fleischmann.

Mr. ABERNETHY. Mr. Fleischmann, do you know whether or not he delegated anyone to speak for him this morning?

Mr. FLEISCHMANN. Well, in the first place, I think I have a general over-all knowledge of the problem. In addition, I asked Mr. Anshen who is working right now on the farm machinery requirements problem for General Harrison to come, since the general could not be here today.

Mr. ABERNETHY. We would be glad to hear from you then at this time, Mr. Fleischmann.

Do you have a prepared statement, or do you want to speak extemporaneously on this subject? How would you like to proceed?

Mr. FLEISCHMANN. I wonder if this would not be the best way, Mr. Chairman. I think in order that this discussion should be informative for all of us, including myself, I might outline in reasonable detail the distribution system which we set up and how it is operating and then direct my attention specifically to how that affects the machinery production problem.

Would that be appropriate?

Mr. ABERNETHY. That would be fine. Would you identify yourself for the record?

Mr. FLEISCHMANN. Yes, I will describe a little bit of the set-up and what my responsibility is and General Harrison's.

My name is Manly Fleischmann and I am Administrator of the National Production Authority within the Department of Commerce.

First, let me describe the present responsibilities as set up in the mobilization organization.

At the top, of course, is Mr. Wilson, who has complete authority over all phases of mobilization.

You might consider that Mr. Harrison acts as his principal deputy in the field of production. And he has an office known as the Defense Production Administration.

The responsibility of the Defense Production Administration, which is an independent agency, in the sense that it is not one of the existing departments, is the programing of the entire defense production effort. The most important factor in that programing is what I can only describe as the dividing of the pie of available materials.

There is so much steel, copper, aluminum, cobalt, and all of the rest, and some individual has to make the determinations as to how much of each would be allotted to specific programs.

The difficulty that we got into early in World War II was that 20 different people within the Government were purporting to make those decisions. And I think a very wise policy decision was made at the outset that that should not occur again, and that one individual and one office would be given the responsibility of dividing materials among competing claimants, and that individual is Mr. Harrison.

In order to accomplish this, he has what we called in the last war and presumably will call again a Requirements Committee which includes representatives of the various departments and agencies of the Government who have responsibilities for particular segments of the economy. And they advise with General Harrison and the chairman of the Requirements Committee on the distribution of these available materials and then broad allotments are made.

It then becomes the job of the various operating agencies, including the National Production Authority, to see to it that those policy determinations are translated into end products such as tractors and guns and all of the rest. And we have that final authority to get these jobs done.

You can understand that not every decision as to who gets what would go to a senior requirements committee. For example, I am allocating rubber, and I am allocating cobalt and tungsten and a variety of other metals. And not every decision goes to the Defense Production Administration, or Mr. Harrison. There are literally hundreds of those decisions a day, and we make the less important ones, and the more important ones would be referred to the Defense Production Administration.

I have described the system as it should and will be operating in the very near future. It is of recent origin, and I think it would be helpful to the committee to describe how our control system grew, because I cannot claim that it is operating exactly that way today. It is like other things, it is in the process of growth.

We came down here in the middle of September in 1950, right after the Defense Production Act was passed. At that time there was no Defense Production Administration and virtually all of the authority was put in the National Production Authority, in the Department of Commerce.

At that time Mr. Harrison headed it and I was general counsel of the agency that continued until early in February when he became Defense Production Administrator and I became Administrator of the National Production Authority.

We recognized as perhaps the three biggest jobs that we had to do, first, getting the military program going. That was off schedule for a variety of reasons.

Second, getting supporting industry taken care of materialwise and put in a preferred position.

And, third, arranging for an equitable division of whatever materials were left over among competing civilian demands and within the civilian economy.

Those have remained our primary objectives up to the present time.

We had a fourth objective, I should mention, but it supports the other three, and that is expansion of basic American industry.

We do not want these shortages to continue forever, and we have thought that we should not just say that there is not going to be enough steel for various items but that we should encourage the steel companies to expand. And as you gentlemen, I think, know those plants are already well under way and steel plants are being erected in the Nation today.

We were faced at the outset with a decision as to how to proceed.

Mr. Harrison and Mr. Wilson and I, and many others of us who were assigned this responsibility went all through World War II in the War Production Board or in other agencies. So we had that experience, for whatever it could teach us. And I believe and submit to you gentlemen, that we followed that experience reasonably well and consistently.

I want to recall to some of you gentlemen who went through this, too, what happened in World War II.

At the outset there was devised a so-called priorities system under which the Government attempted to say that certain items, let us take military items, were assigned priority No. 1, AA–1, certain other items, for example, farm machinery, I believe, was assigned priority No. 2, and a whole gamut of American industry was put into various categories of that kind. What happened is history, of course, but I want to remind you of it.

That priority system broke down in the most hopeless confusion in about a year's time. The reason was this: Everybody placed their own orders under the priority that had been assigned them, and the priority orders that were thus authorized were estimated as high as twice the entire available capacity of American industry to produce. There was

just twice as much, for example, of steel, copper, and aluminum ordered as the mills could possibly turn out.

The priority, in other words, became a hunting license, with no guaranty that anybody would get any material, and the whole system broke down in the most complete disorder.

As a result inflation set in, in the priorities system, and the priorities were reassigned literally every month. It was estimated that as much as 25 percent of American production in some lines was lost as a result of that system.

When you analyze what went wrong it was the fact that there was no quantitative control over the number of priorities issued.

After about 2 years of that system we developed what became known as the controlled-materials plan and which, I think, is generally familiar to members of this committee. Under that plan three basic materials—steel, copper, and aluminum—are regarded as the measuring rods for the size of the industrial program that can be handled materialwise.

Claimant agencies such as the Department of Agriculture and the Interior Department sit around the table with the Defense Production Administrator, represent the interests of their particular programs, and divide up the available supply of the steel, copper, and aluminum.

That system took about 2 years to develop in World War II. It did not operate well the first quarter, but by the second or third quarter it became, I think most of you will agree, a reasonably satisfactory system, because it had the one thing that the priorities system lacked, quantitative analysis. The programs as they were approved were "doable" and they were actually accomplished. General Harrison decided and I think you will agree it was correct, that we would try to avoid those mistakes. So we set our sights immediately on developing something like the controlled-materials plan at the earliest possible moment and we decided not to adopt a priorities system such as was used during World War II. And I think that many of you who have studied the problems that arose in production during World War II would agree that that was a sound decision. We limited the use of the priorities system at the outset to only one item and that was the military program. The military program at that time was being interfered with, with a variety of civilian programs. By confining the use of the priorities system to this comparatively small program, and you know that it is comparatively small, compared to an all-out war program, we were able to get the military program back on schedule, where it has remained, generally speaking, ever since. That, we thought, was our No. 1 job, and that job, I think, has been up to date reasonably well done.

What effect did that have on the rest of the economy, including the production of farm machinery? Well, I want to point out one or two economic facts that are known to you, but which I must repeat in order to describe the situation with respect to farm machinery.

In September of 1948, when this mechanism was set up we were reaching the end of an all-out production effort in civilian and industrial lines such as the country had never known before.

Industrial inventories which were very high at the beginning of 1950 had, by the end of 1950, been reduced in all metal lines to a very low ebb. That means, you can see, that there is actually less metal

available for use in 1951 than there is in 1950, because in 1951 we must live out of current production plus imports, and we do not have the pipeline of inventories to take care of us.

Second, when the Defense Production Act was passed the Government reactivated a policy that had been almost in moth balls, namely, stockpiling scarce materials, copper, and aluminum, and cobalt and nickel and all of the rest, all of which previously had gone into the production machine, were diverted before they ever got into that machine to the stockpile. That policy is a national policy which is being followed today, but you gentlemen will understand that every pound of metal you take out before it gets into the industrial machine and before it is chewed up is 1 pound less of finished product that can be made.

And, third, as the military program began to expand, at the same time, of course, that was done at the expense of industrial or civilian production. So that, generally speaking, it is true that there is far less material available for industrial production, at least, of metals, in 1951 than in 1950, if you first take out the military production.

That, to us, indicated the need for something like the controlled-materials plans at the earliest possible moment, because of this need to make quantitative division of the available supply. And we set our sights and our plans accordingly.

I will now describe the mechanics that we have set up to accomplish that goal.

Before you can have a controlled-materials plan in operation you must, No. 1, know requirements; and, second, have a staff to operate it. Let me say a word about requirements.

The military, for example, is often criticized because they have not given us their military requirements. And a lot of our difficulty in distributing materials is due to that fact. Having gone through this before, though, I do not join in the chorus of criticism, for this reason:

When we say we want military requirements, and the same thing applies to farm machinery, what we are saying is this: You must take the total number of end products, whether they be tanks, guns or what not, decide how many of them you want, which after all is a policy in strategic decision of very long range and important nature; you must then translate the content of those guns and tanks into so many pounds of steel, copper, and aluminum. That, in itself, is a tremendous job, but you are only beginning when you do that.

We cannot allocate steel, copper, and aluminum in that general form. We must know what particular shapes, sizes, and alloys of steel, copper, and aluminum are needed.

So the requirement must next be translated into those forms.

Finally, we have to allocate steel, copper, and aluminum on a time basis; in other words, it is not sufficient to say that the Army needs X tons of aluminum for the year 1951. They have to tell us by each quarter. And in some cases by each month, how they need it to integrate their program. All of that, I assure you, is a colossal undertaking. And it was and is our considered judgment that neither the military nor the Agriculture Department nor anyone else charged with these responsibilities could submit those requirements earlier than the second quarter of 1951 at which time we could review them, make the allocations necessary to have such a system operating by the

third quarter of 1951. And that we plan and hope to do. We are currently gathering those very requirements.

The next factor is this: At the height of World War II there were 23,000 people working in the War Production Board. Being there myself for a little part of it I am prepared to concede that not all 23,000 were gainfully employed at all times. Nevertheless, there were a very substantial percentage of those people working very hard, and diligently. They were trained. And they were working on this very plan of complete allocation that I have referred to as the controlled-materials plan.

We have at the present time in the National Production Authority about 2,000 people. We have been recruiting just as vigorously as we know how, but as you gentlemen will understand we cannot pick people up off the streets. It is a highly trained, technical job. We estimate that due to the experience we had and the improvements we have made we will be able to operate the plan which the War Production Board took more than 20,000 people to operate with substantially less than half, about a third of that number of people, but we must get those people in and we must train them, and we are doing it just as rapidly as we can.

To summarize then the mechanical difficulties that we have tried to surmount, we are trying to compress into about 8 months of time the whole experience that took the War Production Board 2½ years to accomplish. And it is my considered judgment that if we can do it and have this operating by the third quarter it will be a power for the cause.

I now want to bring you down to the question of farm machinery and other items. We deliberately did not use the priorities system because I think you gentlemen will understand that if you assign a priority to one very essential commodity such as, let us say, refinery equipment for the oil people, you inevitably must assign a priority to some other segment of industry. Human beings being what they are, the kind of legitimate and proper pressure that a particular essential industry can bring to get the priorities cannot be denied unless you adopt a general rule that until you have a mechanism that can handle it like the controlled-materials plan you just are not going to grant priorities. You are going to use, first, the priorities system for the military and, second, special assistance programs that get into trouble, and that we have tried and are currently trying to do.

We ran into other difficulties peculiar to the farm-machinery program that I think some of you gentlemen know about.

We had a meeting on January 10 with the industry. We decided at that point to set up a separate farm-machinery division because of the great importance of the industry to the national mobilization picture. And we asked the industry to recommend an outstanding man as head of he Farm Machinery Division. And early in February they did that and they recommended Mr. Paul J. Newton, the head of one of the independent farm-machinery companies. And from a look at his record a perfectly outstanding man, to head this division. And he was scheduled to come in immediately thereafter. I think some of you know that he fell sick and Mr. Newton died on March 6 without ever being able to assume his duties.

Mr. ABERNETHY. What would be his particular duties?

Mr. FLEISCHMANN. He was to be head of the Farm Machinery Division of this whole operation in the National Production Authority. And his responsibility was to organize the Division for the production of farm machinery. In other words, he would jointly with the Department of Agriculture make a reasoned estimate of the requirements for farm machinery to support this increased agricultural program which you have mentioned. He would then have the responsibility jointly again with the Department of Agriculture of presenting those requirements to the Defense Production Administration after translating them into steel, copper, and aluminum, and representing that interest with the Department of Agriculture and seeing that an adequate supply of steel, copper, and aluminum and all of the rest was made available for that purpose.

Since Mr. Newton's death we have been most vigorously engaged in trying to get a substitute and we are on the verge, I believe, of getting a most outstanding and capable man for that purpose.

Nevertheless, without trying to make any excuses for myself I think you can understand that that was a most crippling and difficult period that we went through.

However, despite the absence of Mr. Newton we have not, however, just stood still in the farm machinery field, by any manner of means. We have granted special assistance in various situations where manufacturers needed it. We have taken care of some of the most acute ones which have been represented to us as being the manufacture of cotton gins. I am told there is a seasonal factor involved there. And unless they get steel in June it is of no conceivable use to anybody, because the cotton crop—I am not an expert so you will pardon me if I state this wrongly—will be wasted.

We have made special arrangements in the last few days to get a guaranteed allotment of steel for the cotton-gin manufacturers.

On the 16th of March the Department of Agriculture presented something in the nature of requirements to Mr. Harrison's office. And Mr. Anshen is here from Mr. Harrison's office to describe the present consideration that is being given. There will be a specific allotment, an allocation of steel, copper, and aluminum to the farm machinery people for the third quarter beginning July 1. And we are working right now to try to get them an advance allotment of steel. I think we will be able to for the month of June.

That does not mean, of course, that they will not get any steel during the intervening months.

Of course they will. They will not perhaps—one cannot guarantee this—get all of the steel, copper, and aluminum that they can and should should have, but that is because we do not have the mechanical means of guaranteeing that, short of this program method which I have described to you. I know of no method, short of setting up a system, where any such guaranties could be made. We have not used the priorities system for reasons that I have tried to describe. And I think those reasons were sound in view of loss of production that was run into in World War II. Short of that, I know of no system other than the one we are setting up and will have operating in the immediate future.

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Mr. ABERNETHY. In the absence of a head of the Machinery Division, who has the responsibility now of allocating steel for machinery?

Mr. FLEISCHMANN. I want to explain again the allocations for steel are actually made by Mr. Harrison's office, and Mr. Anshen will describe the present state of the allocations. You understand Mr. Harrison's office is separate from mine. They are two separate agencies. And the allotment of steel for farm machinery, that is, the amount that is to be made available for that is a function of Mr. Harrison's office. Then it is my job to see to it that that steel, copper, and aluminum is translated into farm machinery.

Mr. ABERNETHY. Who has the responsibility for the allocation of sulfur and so forth?

Mr. FLEISCHMANN. Generally speaking, sir, the most important decision is as to decisions between broad areas, for example, agriculture, export, and others, would be a function of Mr. Harrison. He has worked very closely with us. And Mr. Nichols is here today, who is coming in as my special assistant and he knows all about the insecticide problem and the related sulfur problem. And if you want to go into that later we will be very glad to do that, too.

Generally speaking, he has participated with Mr. Harrison in the decisions that have been made on that subject and I think could give the committee a very good picture of the sulfur and sulfuric acid problems as it relates to insecticides and all of the rest. So he is here, too, and we can take up any and all of those problems as you may wish.

Mr. ABERNETHY. Who has the responsibility for determining the need as to whether or not this particular field of industry or agriculture is in need of a particular item; who determines that?

Mr. FLEISCHMANN. Generally speaking, that is a function of the Requirements Committee under General Harrison. Let me give you an example of how that worked from the last time.

When we set up the controlled-materials plan in World War II, at that time they had the Army, Navy, and Air Force, all claiming separately, but they now claim through the Munitions Board. They have a single presentation of a military requirement. Then the Agricultural Department claims for farm machinery. The Interior Department claims for the power program. The petroleum program and the solid fuel, and so on. I will not name all of the departments which come in and claim.

If this situation is anything like it was in World War II we will be presented when this operation gets underway in May of this year with a situation where the total claims for steel, copper, and aluminum are, at least, 1½ and maybe twice the size of the Nation's capacity to produce. That being so somebody has to make the decision as to which programs are to be cut back, whether it is to be the military, whether it is to be public utilities, whether it is to be petroleum, whether it is to be farm machinery. That responsibility is vested in General Harrison and in his office. Does that answer the question?

Mr. ABERNETHY. Here is what I was driving at. A few weeks ago we had Mr. Bates as a witness.

Mr. FLEISCHMANN. Mr. Joseph Bates, sir.

Mr. ABERNETHY. Mr. Joseph Bates, yes, the Chief of the Chemical Division in the National Production Authority, before the committee. We asked him in substance a question that I asked you just now, that is, who has the responsibility for determining the need. Mr.

Bates in answer to a question of that kind said, "There is no such thing."

Mr. FLEISCHMANN. I will have to disagree with Mr. Bates on that.

Mr. ABERNETHY. He left us under the definite impression that when it came down to determining just where the materials would go he could do so if he saw fit.

Mr. FLEISCHMANN. I can explain that part of it. I do not agree that there is any such thing. That is the job we are all down here to do, sir.

Mr. ABERNETHY. I appreciate that.

Mr. FLEISCHMANN. Let me explain a part of this. The theory of this mobilization set-up is that the most important policy decisions and programing decisions will be made by General Harrison in the Defense Production Administration. By the nature of an allocation process with hundreds of thousands of industrial concerns General Harrison cannot personally decide every decision of material. For example, somebody has to decide the division of materials among 1,600 manufacturers of farm machinery. Those subordinate decisions are made by the National Production Authority. Beyond that we are allocating or will be allocating not only steel, copper, and aluminum, but a variety of chemicals, supporting metals such as cobalt, tungsten, and all of the rest. And there, too, there has to be almost daily decisions made on the basis of comparative need.

You will understand as an organizational matter that we would never get this job done if every single decision has to go up to the top Requirements Committee. They would become a hopeless bottleneck. We would have a good policy, but no operations. Neither General Harrison nor I want that. Therefore, General Harrison always has the right to overrule any decision that we make on division of materials. As a matter of practice I refer what I would call all important policy decisions to General Harrison's office. And if they do not like the policy decisions which we make they bring them up there for review, but by the very nature of the allocation program literally hundreds of operating decisions which to some extent——

Mr. ABERNETHY. Here is the question propounded, and the answer by Mr. Bates:

Question. Is there any over-all policy which you can follow in deciding as between claimants which one is entitled to the lion's share of the material, that is, there is no directive that you can turn to that says when A, B, and C, different industries, all apply for the same material, preference shall be given to A, B, and second to C?

Mr. Bates' reply is "No, sir, there is no such thing."

Mr. FLEISCHMANN. That is correct. That is correct.

Mr. ABERNETHY. All right then, here is a manufacturer of a product which is very essential, we will say, to agriculture. So at this time then there is no source to which he can apply that would have the authority to determine the essentiality of this particular item to agriculture?

Mr. FLEISCHMANN. Let me explain that in this way.

Mr. ABERNETHY. When you have explained it then Mr. Hope has a question he wants to ask.

Mr. FLEISCHMANN. Yes, sure. I am trying to explain the difference in the way we are doing it this time from World War II. This whole

problem of essentiality is right at the heart of what we are talking about. So I have to explain that thing.

In World War II everything was rated according to a supposed degree of essentiality. As I have said before, too many tickets were issued, so that the result was we got a hopelessly unbalanced program. I have never found that it is very helpful to say that one broad segment of industry is more essential or more important than another. I want to give you a quick illustration.

Mr. ABERNETHY. But you do have to make the conclusion eventually on that basis, sir.

Mr. FLEISCHMANN. I do not think so, if you will let me finish. You have to make some broad generalizations, but not quite that way. Let me give you the example I mean. Supposing you were to say to me, "Which is more important, tanks or plumbing supplies?"

Well, I would quickly answer, "Of course, at this particular time tanks are. We want to get tanks out."

But if you should ask me, instead of that, "Which is more important, tanks or the particular piece of plumbing supply that keeps the New York City sewer system from going sour?" I would have to say, "It is the particular piece of plumbing supply."

What I am trying to get at is this: These judgments, to my way of thinking, after thinking, I assure you, many months on this subject, are quantitative rather than qualitative. You must have a certain number of plumbing supplies. You must have a certain number of military supplies. And you must have a large amount of agricultural machinery, but what you have to do and we have now set up the machinery where I think we will be able to do it pretty effectively is to try to get balanced programs and then not say that one comes ahead of the other, but say, "We will guarantee every one of those programs to the extent authorized gets taken care of."

Do I make my point? I do not know whether I am making it clear or not.

Mr. ABERNETHY. But in the end you do have to reach the conclusion that this particular industry or producer of materials is more important to the economy of the country at this hour than some other.

Mr. FLEISCHMANN. Let me say this, sir. I agree with you in large part. We have to say, for example, that the production of farm machinery is more important, let us say, than the production of automobiles or ash trays or a variety of other things. That has to be said.

Mr. ABERNETHY. I am glad you mentioned that, because the information I had yesterday showed definitely that the automobile production through January, February, and the first week in March was considerably higher than it was in January and February and March of last year.

Mr. FLEISCHMANN. As you perhaps know, we put limitations on automobiles for the precise reason that you mention, whereas no limitations have been put on farm machinery, that is, as you can see, a judgment of essentiality right there and we are making those.

Mr. ABERNETHY. Mr. Hope has a question.

Mr. HOPE. It is not quite clear to me, Mr. Fleischmann, just where General Harrison's authority ends and yours begins. Perhaps you have explained that.

Mr. FLEISCHMANN. Let me go over that again, because it is a perfectly fair question and one that I cannot just categorically answer and say, "It ends there and starts here."

You have to understand this history. Sometimes organizational problems which seem quite difficult work better because of the particular individuals relationship. I came down here as counsel to General Harrison. I think of myself in a sense as being his deputy in this operating field. I have to look ahead a minute.

If we have a controlled materials plan then General Harrison's authority in the field in which I have no authority will be very clear indeed. He will be dividing up the available supply of steel, copper, and aluminum among these great programs, the military, the agriculture, the utilities, the petroleum, the shipbuilding and many others. There are dozens of others. He will have that authority to make the quantitative determinations that so much steel is to be allotted to farm machinery. And, of course, that would be translated into the number of farm machinery items that could be produced out of that. That will be his responsibility alone and he will give me those decisions and I will put them into effect.

Mr. HOPE. Let me ask right there, which one of you would make the decision about the plumbing equipment that you need to keep the sewer system of New York City operating now? Is that your field?

Mr. FLEISCHMANN. That will be his decision, in this way. Let me explain how we think this will work. I do not claim we have every detail of this worked out, because it is in process, so to speak. But, generally speaking, it would work like this: We have in our shop in the National Production Authority what we call the Office of Civilian Requirements. Their responsibility is to see that the normal civilian life goes on at a very high level, because we hope that this will not be an all-out war. So we are not taking out the size of military program that we would have to if the guns started firing in Europe.

Mr. Wilson thinks, Mr. Harrison thinks, and I think we will have a very high level of civilian life during all of this trying period.

It is the job of civilian requirements to represent the civilians, to see that there are prompt plumbing supplies and that there is sewage and water and fire protection and all of the rest. And he will, in the same way that the military does, rack up the requirements for steel, copper, and aluminum going into the civilian field. And then he, or, perhaps acting through me, will sit down around the table, the head of which is General Harrison, to present the needs of the civilian. And in the same way you can see there will be an allotment of steel, copper, and aluminum for the most essential civilian needs.

We do not intend to program every single item. We do not believe there is any call for such regulation. We will not decide how many baby carriages or safety pins shall be made.

You take plumbing supplies. That is a good example. Everyone will agree that some production of that item is necessary to the health and certainly the happiness of a vast variety of people. So that interest, too, has to be represented.

To go right to the exact point you mentioned, General Harrison would decide along broad lines that so much steel was available for essential civilian needs. It would then be our responsibility to decide how that allotment of X hundred thousand tons of steel, copper, and aluminum could best be divided among the really essential needs, to

see to it that all of them got a fair share. And again we would try to make quantitative decisions

I would be the first to admit that there is an element of essentiality determination involved in any such decision. It cannot be otherwise, but basically the decisions are on a quantitative basis, recognizing the need for these various essential items.

Mr. HOPE. There has already been a program set up by which steel is allocated for the construction of boxcars, is that correct?

Mr. FLEISCHMANN. Yes, sir.

Mr. HOPE. And there has been one set up for the petroleum industry?

Mr. FLEISCHMANN. Yes, sir.

Mr. HOPE. Why have you been able to go ahead and set up those programs in advance of the program that you intend to put into effect by the 1st of July and have not been able at the same time to set up a similar program for farm implements? I believe you agree that one is just as essential as the other.

Mr. FLEISCHMANN. Yes, sir; I would not hope to make any possible distinction between them, as far as essentiality is concerned. Let me take, first, the freight-car program. The freight-car program began to draw down steel, either in January or February, I do not know which. The reason was that the freight-car program is a very simple one. Their only requirement, literally, is for steel in a comparatively simple form. There is a very small number of members of that industry. Actually, I think, the allocations were made to a comparative handful of people who built freight cars.

The situation with other industries is far more complicated. There are some 1,600, I believe, manufacturers of farm equipment. We had no mechanics that seemed to us to be appropriate or safe to spread an allocation of steel among farm-machinery producers. We had to have as we looked at it, just as we did with other heavy industries, a statement of requirements in terms of the number of items that were to be produced, translated into the draw-down on the steel, copper, and aluminum.

You can understand that we wanted to avoid the danger of overdrawing on the bank account which we went through the last time. And until we have a measuring stick which is the controlled materials plan, it is obviously so, it seemed to us, and I believe it is true, impossible to hand out allotments on any other basis.

We have not had, and we are just beginning to get jointly with the Department of Agriculture a statement of requirements for farm machinery.

Mr. ABERNETHY. If Mr. Hope will yield there. It is my understanding that the Department of Agriculture submitted on December 18 its requirements for steel for farm machinery.

Mr. FLEISCHMANN. Now, I do not know. I was not the head of it at that time.

Mr. ABERNETHY. I have the file here. This went to Mr. Symington. This is confidential information which, of course, I cannot and will not put into the record, but there is a breakdown here of what the Department claims, or rather suggested, would be needed for the production of farm machinery during 1951. Here is the file. We got it from the Department of Agriculture yesterday. It is marked, "Restricted, confidential information." So I cannot quote from it, but here is the record which specifically sets forth the number of tons.

Mr. FLEISCHMANN. I do not think there would be any objection to referring to that. I would not consider that classified information.

Mr. ABERNETHY. It specifically sets forth in terms of tons the amount of steel required for tractors, repair parts, and various types of farm machinery.

Mr. FLEISCHMANN. Where was that submitted, sir?

Mr. ABERNETHY. In a letter to Mr. Stuart Symington on December 18, 1950.

Mr. FLEISCHMANN. I do not know. I was not with Mr. Symington then. And I did not have this position at that time. We are currently, right at this very moment, engaged in trying to reach a sensible decision, that is, Mr. Harrison's office is, on this question of the amount of steel that can be presently made available to farm machinery. We are going to give what I call an advance allotment, prior to the controlled materials plan going into effect, to farm machinery.

There will only be three or four industries that have been handled in that way. One of them is the freight car. One is petroleum. One of them will be farm machinery.

Mr. HOPE. You have not worked out the details for the farm machinery plan, have you?

Mr. FLEISCHMANN. No, sir, although they are doing it right now. Mr. Anshen can tell you exactly where they are on the subject. I do not want to avoid your question, so far as the petroleum operation is concerned.

The Petroleum Administration due to the experience that they had in World War II had available immediately a very well set up organization to obtain minute requirements from all members of the industry, just exactly as to what their requirements were, and they got about a month's jump on the deal, primarily because of that. That is the principal reason in that picture. As you may know, they were cut back. They did not get all they required or all they said they required, but they were given some help. We have given some help to the farm machinery.

I have just described what we have done with the cotton gin industry. They will not get that in June. They will get that help in May and, probably, some in April. It is just that we have not given the over-all help that you would like to have seen. Frankly, that I would like to have seen. I wish we could have had it operating in April, but mechanically we found it impossible.

Mr. HOPE. You say that by June you expect to have this plan operating. Do I understand that means something like the program now in effect so far as the petroleum is concerned?

Mr. FLEISCHMANN. We hope to have it operating across the board by July 1. We hope to have it operating for farm machinery by June 1. That will be something like the petroleum program, yes, sir.

Mr. HOPE. It will be a kind of a controlled materials program for agricultural implements?

Mr. FLEISCHMANN. Yes, sir, it will.

Mr. HOPE. And it will just slip right on into the over-all program in July?

Mr. FLEISCHMANN. Into the general program. This will be what I call an advance allotment and will have the very great advantage to the farm equipment manufacturer that instead of having a hunting

license as they gave out freely during World War II, he will get the steel that is called for when this review has been completed and he has been given an allotment.

Mr. HOPE. Let me ask you this: You said you will have to have a program submitted so that you can determine what the over-all allocation to the farm implement manufacturers will be. Does that mean that you have to go into minute detail as to how all of this steel will be used?

Mr. FLEISCHMANN. No, sir. I do not think that that would be possible or feasible. It did not prove possible or feasible during World War II.

Mr. HOPE. In other words, just for illustration, you know how much steel was used in the year 1950 for the manufacture of farm implements.

Mr. FLEISCHMANN. Yes.

Mr. HOPE. And you know about how it was distributed and where it went?

Mr. FLEISCHMANN. Yes.

Mr. HOPE. Is there any reason why that could not be used as a basis for the distribution in 1951 after the plan goes into operation?

Mr. FLEISCHMANN. We probably will have to use some rough-and-ready rule such as you suggest. I believe that the June allotments will be largely determined that way.

Looking ahead for a minute, when you get into the July operation and when you have everybody's requirements in and the group sits around the board and then General Harrison has some very tough decisions to make, because if my prediction is true, the demands will, probably, exceed the supply by 50 percent, anyhow, based on my past experience and at that point General Harrison will have to decide whether the military program is to be cut back, whether farm machinery is to be cut back, whether utilities are to be cut back. There is not any easy decision on those things, as I think you will see. We cannot make that decision now because we do not have the requirements from everybody and we do not know how much cut-back is going to be required. So there is no way to make such a decision until we get them in which will be looking toward operating in July.

Mr. HOPE. You say there will, probably, be a 50 percent over-demand above what the supply will be?

Mr. FLEISCHMANN. That is a guess, you understand.

Mr. HOPE. I understand that, but you do expect——

Mr. FLEISCHMANN. There will be some over-demand, yes, sir.

Mr. HOPE. Much greater demand than you can take care of?

Mr. FLEISCHMANN. Yes.

Mr. HOPE. Where will that come from; will that just be a case of everybody trying to take care of themselves by getting plenty, or how will it be?

Mr. FLEISCHMANN. Let me give you some ideas as to why I say that. I have seen some recent figures on plant expansion in this country which are simply staggering, virtually almost every manufacturer seems to intend to expand his facilities. We want them to expand certain items like steel, copper, aluminum, and certain of the other metals, certain chemicals, and so forth, but nearly everybody is planning to expand. There is not enough structural steel in the country

to take care of the gigantic planned expansion. And the fellow who has to parcel out the steel, who is going to be basically Mr. Harrison, will simply be faced with the necessity of deciding what types. He will not decide company by company, you can understand. He has to decide what types of expansion you can afford when there is only this much steel.

The shortages which I mention will be selective. There will be a shortage of a major nature, I think, in structural steel. There will be a shortage in plates, but there will not be such a shortage in sheets. You understand why that would be. There will be a very great shortage in aluminum, not so much of a shortage but a very real one in copper. Cobalt will be so scarce that virtually none can be permitted for civilian use, and so on. You have seen figures which indicate that the total military demand is only going to be 20 or 25 percent. You have seen a variety of figures, as I have.

That means nothing to the man who is allocating, because the shortage is not over-all. It is a shortage in plates or a specific chemical or cobalt or what-not.

So when I say there will be more demand, let me relate it again to farm machinery. Farm machinery takes quite a good deal, I believe, of certain types of alloy steel, nickel steel, for example. That will be just as scarce as any item that I know about. I am certain that there will be more demands for nickel steel than there will be supply available.

Mr. HOPE. How far do you go in that direction?

Mr. FLEISCHMANN. We have to do that, Mr. Hope, because you cannot allocate steel. You have to allocate the kind of steel that the particular applicant can use. In other words, when a fellow is making an axle, that takes an alloy steel and it does not do him any good for us to say, "You can get carbon steel." You have to allocate it in shapes, forms, sizes and content, that is, alloy content. That is why it is so complicated.

Mr. HOPE. What authority do you have over the manufacturer of steel to say, "You will have to manufacture and ship this type of steel or shift from this type of steel to some other type of steel?"

Mr. FLEISCHMANN. We have complete legal authority. We are doing it right now. Let me give you an example.

The big shortage is not in sheet steel, but in plate. We are now currently directing steel mills to shift over from sheet to plate, because we know that by the middle of the year it will be plate that everybody is begging for. There will not be enough sheet, either, but the deficit will be much smaller. Plates, as you know, go into military production, where sheets are limited.

Mr. HOPE. Where is all of the steel now?

Mr. FLEISCHMANN. What is happening to it?

Mr. HOPE. Everybody says that they cannot get any steel.

Mr. FLEISCHMANN. Well, sir, I sometimes get so discouraged in the evening that I think that single-handed I have been able to shut off the entire available supply of steel, copper and aluminum by something that I have done. Then I take a look at the steel production figures and I feel a little bit better, because actually steel production right now is the highest in our history.

Mr. ABERNETHY. How much is being produced?

Mr. FLEISCHMANN. It is up at the rate of around 103 or 104 million tons a year.

The CHAIRMAN. How about percentagewise; is it 12 or 15 percent above normal?

Mr. FLEISCHMANN. No, sir, it is not that much. I will give you the whole steel picture in a nutshell. The going rate was something under 100 million tons a year. We have planned expansion of between 15 and 20 percent, so that by late 1952 we will have between 117 and 130 million ingot-tons, but by working force draft, so to speak, we have already gotten that up, I believe the figures are about 103 to 104 million tons. I am not very good at figures, because I hear so many of them, but it is in that neighborhood.

The CHAIRMAN. What will our needs be? You said that these ordinary demands that will be made, you guess, will be 50 percent above.

Mr. FLEISCHMANN. In many items, yes, sir.

The CHAIRMAN. Fifty percent above what actually they should have? What is your idea about what our national requirements will be as related to our national over-all production?

Mr. FLEISCHMANN. You can see that we have two problems. One is ingot production and the other is the production of certain specific types of steel. They are quite different.

If we take a level of maybe 120 million ingot-tons, those more expert than I think that is a pretty fair guess to support a modest, a good sized, let me say, military program, not an all-out war and a normal civilian demand, we are going to be short, however, even so in certain items.

Let me use structural steel as a good example, because that is one that I see.

During the next 2 or 3 years we are going to have, I think, a very heavy industrial expansion program which, of course, goes right into the structural steel.

The CHAIRMAN. You are not going to permit that expansion unless they can establish some essential need?

Mr. FLEISCHMANN. I do not think we will be able to permit it. I think we will have to limit it.

The CHAIRMAN. If you sit by and let them go on making tricycles and toy trains and things that you do not actually need you can dig into your supply, but I am talking now about if you are limiting all of the civilian nonessential needs and relate that picture to our over-all production, how much steel are we going to be short?

Mr. FLEISCHMANN. The policy of Mr. Wilson and Mr. Harrison does not favor eliminating completely the civilian life.

The CHAIRMAN. That is the point that I want to ask you about. Is it the purpose of your office to limit all of these nonessential uses of steel to the end that our national economy might not be unduly impaired.

Mr. FLEISCHMANN. Let me say this, our theory is this, sir, that we can take care of all of the essential needs like farm machinery, like the military, like the public utilities and like the petroleum people, and that there will over all still be left over all reasonable amount of steel for the civilian use. When I say that the demand is higher we are not going to be able to make 100 percent of the automobiles

that we made in 1950. We will, probably, be able to make 50 or 60 percent.

When I say that the demand is higher, as you know, they would like to get 120 percent of the steel that they got last year, but it will not be there for them.

The CHAIRMAN. Suppose you were to fix your categories and put out the defense needs, rolling stock for railroads, ship lines, and the petroleum industry and agriculture, and you know that all of those industries are essential, not only to the civilian needs, but they are essential to the military needs, it seems to me that with the power of your office you could protect all of the essential needs of all of these vital industries.

Mr. FLEISCHMANN. Yes, sir.

The CHAIRMAN. And then let the residuary go to nonessential civilian needs, as far as it will go.

Mr. FLEISCHMAN. That is precisely what we are going to do.

The CHAIRMAN. That is all that the farm manufacturers want.

Mr. FLEISCHMAN. That is precisely what we are going to do.

The CHAIRMAN. They want to be assured that they will be supplied with enough steel to meet the agricultural needs of this country.

Mr. FLEISCHMANN. Yes, sir.

The CHAIRMAN. I understand that the Department of Agriculture has indicated that we should have a minimum, at least, of the 1949 requirements. Why can you not put the minds of these manufacturers and farmers at ease by saying, "You are going to get that much, even if we have to cut out making pop guns and toy pistols and all of these nonessential things that we are using the material for now"?

Mr. FLEISCHMANN. I do not have that authority.

The CHAIRMAN. You, certainly, have the authority to take care of the essential industries, do you not?

Mr. FLEISCHMANN. As to the amount of steel that is to be made available to the farm equipment manufacturers, General Harrison will have to determine that. He certainly takes into account, just as I do, exactly the things that you say. We do not intend that automobiles should be made at the expense of farm machinery. Obviously, that is not intended.

The CHAIRMAN. I do not know of any farm machinery manufacturer who is actually manufacturing a nonessential machine.

Mr. FLEISCHMAN. I do not, either.

The CHAIRMAN. All of them are essential.

Mr. FLEISCHMANN. Sure.

The CHAIRMAN. We received information yesterday that one manufacturer had, I think, 1,200 or 1,400 corn pickers on the lot, but he had no steel with which to make the chains that were necessary to operate the machines. So those 1,200 or 1,400 machines are absolutely worthless.

Mr. FLEISCHMANN. In cases like that, we are equipped to help right at this moment.

The CHAIRMAN. It seems to me that you ought not only to be equipped to help, but to relieve that situation immediately, so that that manufacurer could finish the product that he is trying to place on the farm.

Mr. FLEISCHMANN. I think so, too. I do not know that particular case, but you are quite right. We are and can—we are willing and can help that particular type of case.

There is one thing that you with business experience know, that is, you cannot come into today and say, "I need steel in large quantities tomorrow," because you have the lead time factor at the mill, but you can say, "I need it in 60 days," and we will get it for you.

Mr. ABERNETHY. I hope you will go back to the answer that you made a moment ago to the effect that you did not have the authority to make the determination.

Mr. FLEISCHMANN. I do not have the authority to make the overall determinations as to what shall be done.

The CHAIRMAN. Who does?

Mr. FLEISCHMANN. General Harrison.

The CHAIRMAN. If he were to determine that all of the steel available in this country is first going to be made available to the industries which are vital to our civilian and military needs you think we will be able to meet all of those, do you not?

Mr. FLEISCHMANN. Well, certainly, we will be able to meet every indispensable need in any reasonable amount.

The CHAIRMAN. You might have to cut back the building of pleasure automobiles and things of that kind, but you will basically meet all of these fundamental needs for defense?

Mr. FLEISCHMANN. There is no doubt of it.

The CHAIRMAN. If we can do that, if these manufacturers of machinery know that and can know it far enough in advance to get the steel, they can go ahead and make their plans, not to overproduce, but to produce what the farmers need.

Mr. FLEISCHMANN. Mr. Cooley, the failure to do that, I think I can claim, has not been due to any failure to appreciate that problem. We have just had the job of setting up a system which will accomplish that. And we have it nearly set up.

The CHAIRMAN. You recognize the essentiality of farm needs?

Mr. FLEISCHMANN. Yes, sir; I certainly do.

The CHAIRMAN. You say you do?

Mr. FLEISCHMANN. Yes, sir.

The CHAIRMAN. Who is the man in your office or Mr. Harrison's office who is to evaluate these demands for farm needs?

Mr. FLEISCHMANN. Let me put it this way: General Harrison has what is called a requirements committee. That is chairmaned by a gentleman named C. M. Wampler. The important decisions will be made by Mr. Wampler, acting for Mr. Harrison, and the most important ones by Mr. Harrison himself.

The CHAIRMAN. Would it not be well for him to have on that board somebody who is taken out of the Department of Agriculture and placed on the board, so that you would have somebody from that Department representing agriculture on the board?

Mr. FLEISCHMANN. He does have on that board, in fact, either the Secretary of Agriculture or Mr. Trigg or Mr. Woolley. I do not know which.

The CHAIRMAN. If he has somebody on the board representing Agriculture it would relieve the board of charges of partiality.

Mr. FLEISCHMANN. There is no question of it. That man will be sitting right on that board.

The CHAIRMAN. And that is where the determinations will be made?
Mr. FLEISCHMANN. Yes, sir.
The CHAIRMAN. That is all.
Mr. ANDRESEN. I have just a few questions. Speaking about plant expansion and new buildings, I noticed yesterday, I think, that a couple of men with $600 capital are going to get loans up to 7 or 8 million dollars to put up tremendous plants. I also noticed a man by the name of Bill Jack, over in Ohio, is buying 30 acres of land to put up larger new buildings and is going to employ around 4,000 people within a year in those plants. There are tens of thousands of smaller plants in the country that have machinery, that have the buildings, but they do not get the material, the critical material, over which Mr. Harrison has jurisdiction and they are losing their skilled men and closing down. Instead of permitting these men in Pennsylvania to go ahead and put up tremendous facilities and use critical materials and instead of giving Bill Jack the material that he needs to employ 4,000 men and put up the buildings and get the machinery, why can you not make it a policy that the smaller businesses throughout the country will get this material and go ahead with more production in producing these other essentials?
Mr. FLEISCHMANN. We do have exactly that policy. And if you would like I would describe how it operates and how we try to enforce it.
Mr. ANDRESEN. I would like to have you describe it, because I do not think that we should permit a complete breakdown in the economy of the country in these smaller plants when they are not getting any more orders and they cannot even get the material to keep their plants operating.
Mr. FLEISCHMANN. Nobody could sympathize with that more heartily than I do, but like other matters it is a complicated one, as you understand. If you would like me first to comment on that story that was in the newspaper this morning on that particulad loan, I will say that I was not head of the National Production Authority at that time. I know about it only through inquiries I made yesterday on the subject, but the fact of the matter is that the loan was made on condition that the people raise $1,000,000. They have raised $1,000,000.
Mr. ANDRESEN. And here you have a lot of other plants in the country that are gradually going out of production, losing their skilled men, that have machinery and equipment. They could be used instead of financing with Government money these great institutions like the one in Pennsylvania and the one that Bill Jack is putting up.
Mr. FLEISCHMANN. Well, sir, this particular plant that you are speaking of was a plan to increase steel production. This was not a manufacturer who was chopping up steel. This was a man who was turning out steel products for the use of other manufacturers.
Rightly or wrongly, Mr. Wilson has decided and Mr. Harrison decided, and I think it is right, that we ought to be increasing the basic steel supply of this country. Their theory is that this is not a short war, that we are in for many, maybe 5 or 10 or the Lord knows how many years. And that the American people should not have to go along on a limited supply of steel and copper and aluminum during all of this period when this great country can increase its facilities to turn out that stuff.

Congress in enacting the Defense Production Act followed that theory. They provided a fund to make what I call marginal loans. As to whether or not this particular loan was a good one, I do not suppose this committee wants to go into it, but the fact of the matter is that the criticism in the paper to the effect that the RFC had turned this loan down and the fact of the matter that no loan can be made out of defense production funds when there are other funds available, therefore, by its very nature you cannot act on one of the loans unless the RFC has turned it down.

Mr. ANDRESEN. I was not making that point. The point I am making is that you will not have enough critical material to go around.

Mr. FLEISCHMANN. I think you are right.

Mr. ANDRESEN. And, particularly, for putting up new buildings, whereas you do have, I would say, tens and thousands of smaller businesses who have the machinery, who have the skilled men, and, if they would get the material and get the Government orders, why they could go ahead and produce and you could save a lot of material and a lot of money.

Mr. FLEISCHMANN. Yes, sir; that is our policy. Let me tell you what we are going to do to implement it. We get from the military department requests for many amortization certificates, the certificate of necessity for tax exemption for the building of new facilities. We have made it an absolute requirement that the military must certify to us in writing, and then we check it with our small-business people, that there is no other facility available. We have found many times that there are.

Whenever there is such a facility available we deny the amortization, and by the same token we deny them the material. That is a part of my fixed policy and is as fixed as anything can be. I may make some mistakes, of course—now and then—but that is what we are trying to do.

Mr. ANDRESEN. Is not the decision on the part of the military mostly to have negotiated contracts, rather than to advertise for bids or go out and find people who can produce these items?

Mr. FLEISCHMANN. I honestly do not know. I do not know exactly which is predominating at the present time.

Mr. ANDRESEN. I hope you can work out some plans so that you can use the available facilities and the manpower in this country, rather than to encourage these new plants.

Mr. FLEISCHMANN. We are doing that. You are 100 percent right about the policy we should follow. I can assure you that is the policy we are trying to follow.

Mr. ANDRESEN. You state that your agency will have control over the critical materials like steel and copper and aluminum and all of the rest.

Mr. FLEISCHMANN. And all of the rest.

Mr. ANDRESEN. Is that control primarily for the distribution of those materials in this country?

Mr. FLEISCHMANN. As far as my agency is concerned that is true. There has to be a decision made, obviously, as to how much of a particular material, if any, is to be exported. And that again will be done through the mechanics of this requirements committee that I tried to describe to you.

Mr. ANDRESEN. Have you set aside any part of your stockpile in the allocation of this critical material to foreign countries?

Mr. FLEISCHMANN. There has been in the past, of course, exports of many materials to foreign countries. To take the example of sulfur, and so forth, there have been such allocations. Basically, the broad policy decisions as to whether a part of a particular material is to be allocated for foreign shipment would be made by Mr. Harrison and it would have to be concurred in by Secretary Sawyer who has the power, as you know, to issue export licenses.

Mr. ANDRESEN. I noticed that a couple of months ago the British were complaining about not receiving enough critical material to keep up their civilian economy.

Mr. FLEISCHMANN. Yes, sir; they do.

Mr. ANDRESEN. It was stated that they had received some 330,000 tons of steel, copper, brass and other critical items.

Mr. FLEISCHMANN. Yes, sir.

Mr. ANDRESEN. And they said they were falling down in their civilian economy and in their export business because that was being somewhat curtailed from the United States. You have control over the steel and the copper and the aluminum?

Mr. FLEISCHMANN. We have control over all of the materials, sir.

Mr. ANDRESEN. What I want to know is how much are you allocating or will you allocate of this critical material to the British and to the French and to these other countries so that they can keep up their civilian economy?

Mr. FLEISCHMANN. I can only answer in the most general terms, first, because it will be General Harrison's responsibility, jointly with Secretary Sawyer, to set that policy of over-all, how much. It has been, however, on a declining scale currently. That is about all I could say on it. If you would like the figures I, of course, can get them with respect to any commodity.

Mr. ANDRESEN. The thing that troubles me is this, are we going to let our domestic civilian economy break down, including farm machinery, when we are taking a substantial quantity of this critical material and sending it over to the British and to these other countries to keep up their civilian economy?

Mr. FLEISCHMANN. I have heard of no disposition to do that, sir. I think our civilian economy will be able to operate at a very high level during all of this period.

Mr. ABERNETHY. If you will yield there, I have no doubt that is what is happening right now with regard to sulfur—it is being exported.

Mr. ANDRESEN. Of course, I do not want to get into any matters that should be kept secret, but would you, for the benefit of this committee, advise us to the amount of this critical material being allocated to these foreign countries, and how much of it being paid for with our own money, for them to maintain their civilian economy and their export business?

Mr. FLEISCHMANN. I will give you the current export figures on the most critical materials, if that is what you request.

Mr. ANDRESEN. And what the plans will be under this program when you get your program of allocations into effect.

Mr. FLEISCHMANN. I will describe how it will work. I do not have those decisions to make.

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Mr. ANDRESEN. But you have charge of the material that is produced in this country?

Mr. FLEISCHMANN. Yes, sir, but General Harrison's office is the one that will determine over all whether and if and to what extent that will be.

Mr. ANDRESEN. And no determination has been made at the present time?

Mr. FLEISCHMANN. The only one made was in sulfur which Mr. Nichols here can describe, if you want to hear him.

Mr. ANDRESEN. Otherwise who is making the determination; how about the steel and copper and brass and these other items that go to the British and other countries?

Mr. FLEISCHMANN. I would say that at the present time, since we do not have this over-all controlled plan that I have spoken of in operation yet, the decisions are being made through the device of export control which is operated by Secretary Sawyer.

Mr. ANDRESEN. Does the State Department have any part in that decision?

Mr. FLEISCHMANN. They make recommendations, but, generally speaking, it is Secretary Sawyer who makes the decisions.

Mr. POAGE. I want to ask you, Mr. Fleischmann, about some specific matters. I understand that you have, in effect, reduced the baling-wire production to 80 percent of its historic base. Why have you made those specific reductions?

The CHAIRMAN. Do you know what it is?

Mr. FLEISCHMANN. It is the container stuff for packaging things like oranges, and so forth.

Mr. POAGE. I am talking about baling hay.

Mr. FLEISCHMANN. They asked us for baling wire.

Mr. POAGE. They use it on packages?

Mr. FLEISCHMANN. They do.

Mr. POAGE. Probably some people who want to use it in commercial fields have found that baling wire is usable in packaging and that is the very reason that you have taken it away from the farmers and given it to the commercial people who want to package commercial boxes. Baling wire, of course, has been used ever since we have developed the hay press to bale hay. Without it you cannot bale the hay. Of course, you can use twine on some of these round bales, but it has been very unsatisfactory. The man who has a hay baler that uses wire has got to have wire. He cannot substitute something else. His baler is worth nothing to him unless he gets the wire.

Mr. FLEISCHMANN. I do not know. I do not recall that any action has been taken to reduce or limit the amount of bailing wire that has been produced. What I think may be the matter that you are referring to, sir——

Mr. POAGE. I understand that the order comes through your warehousing order in which you limit the distribution of baling wire to 80 percent of its historic base.

Mr. FLEISCHMANN. What we have said is this, that steel warehouses must get a minimum of 80 percent of the amount of steel that they got during the base period. Let me explain the warehouse problem.

I assure you that the order was not directed at baling wire. If I may say so frankly, I did not know that it was sold in warehouses. So you can see the extent of my ignorance on that subject.

The warehouse problem during World War II was one of the most troublesome ones we had. Early in the game they started serving priority orders on the mills and bypassing the warehouses entirely. So at a very early stage there were no stocks of steel in the warehouse at all. It took about a year to correct that situation. We tried to profit by that experience. One of the first orders we issued provided that an equitable supply of steel must at all times go to the warehouses.

At the outset in line with the policy of protecting the military programs, because of our then very critical situation we provided that after taking care of the military programs a perceantage of what was left, in accordance with the historic pattern, had to go to the warehouses just to be able to avoid this mistake. Because of the great increase of the military program that percentage started to get lower and lower. And I think about 2 or 3 weeks ago we put a floor under that, so that it could not get any lower.

Mr. POAGE. What is that floor?

Mr. FLEISCHMANN. I think that is, probably, the 80 percent that you are referring to. I think this is the matter that you are referring to.

Mr. ABERNETHY. Does that 80 percent apply to essentials as well as nonessentials?

Mr. FLEISCHMANN. The warehouses now get a minimum. I have not looked at this order, you will understand. I may misspeak in details, but they get a minimum of 80 percent of what they got during the base period plus, I believe, whatever they get on rated orders, that is, military orders.

Mr. POAGE. I have had many people write me and have had some talk to me about this warehouse situation. They have told me, and I think that perhaps your office has written us and given us an explanation, that any small-business man who is engaged in making things, whether it is farm machinery or school desks—I happen to have the biggest part of the school-supply industry in my section of the country, three of the biggest manufacturers there—have complained that they could not get steel, and the answer in each case has always been, "You get it by going to your warehouse where you have been buying steel in the past."

They are not big operators, but big for our part of the country. They all tell me that they cannot get it from the warehouse. They say that they know where they can get it by paying 300 percent over the price of steel ordinarily. And that they have gotten some that way, but that they cannot get it from their regular suppliers. That the regular suppliers tell them that they do not have it.

Yesterday I talked with a small manufacturer of farm machinery from Texas. He was here trying to get something. I asked him about this warehouse situation. He said, "I cannot get a pound of steel out of the warehouse. They tell me they do not have it. I cannot get any out of the warehouse."

This warehouse proposal simply is not working in my section of the country. Maybe it works elsewhere.

Mr. FLEISCHMANN. I cannot answer for your section of the country, but I do know this, we have checked religiously every claim that has been made to us that somebody has an excess inventory of steel which he is hoarding or selling at black-market prices. We have not yet found any of these so-called hoarded inventories of steel any place.

Mr. POAGE. My people do not claim that there is any excessive inventory. They claim the warehouses do not have it. They say that when the warehouses sell out there is no way of the warehouse getting anything to fill up with again.

Mr. FLEISCHMANN. You have to understand this, sir, that a very large percentage, an increasing percentage of steel is now going into military items. There is also a decline in the amount of steel available because everybody has used up his inventory. That means that over all except for preferred programs such as farm machinery is going to be as soon as we get the machinery to do it set up, everybody will have a lot less steel, and that is just as true, unfortunately, of the warehousemen as it is of anybody else.

I think, sir, if you would care to look over with me the records of what the warehouses are getting you will see that they are getting these amounts. They sell it out, of course, the minute that it comes in because of this enormous demand which just cannot be handled by any known method, because there is not enough steel to go around. It is the law of mathematics and not of Government.

Mr. POAGE. You say you are going to let these warehousemen say, for example, here is John Jones and he has bought 1,000 tons of steel last year and they will say, "We will let him have 800 tons." And here is Henry Smith who bought 100 tons, "We will let you have 80 tons," which would, presumably, result in applying to the final usage the same percentage that you apply to the warehouse.

Mr. FLEISCHMANN. Yes.

Mr. POAGE. Apparently that is not taking place at all.

Mr. FLEISCHMANN. No, sir, we have not done that. And I hope we will not have to do it. We may have to, I will grant you, but that is, as you can see, a consumer rationing right down to the final stroke. It now would be impossible to enforce with the millions of buyers from warehouses. It was never done in exactly that way during World War II, even with many thousands of people that you had then trying to regulate everything.

I can check this further, if you would like, but I am told that most steel warehouses do have an informal allocation procedure of their own, based just exactly on the method which you suggest. Certainly, if I were running a steel warehouse I would try to do it that way.

Mr. POAGE. If a new man comes in, even if he does not pay a black-market price, is there not the temptation for the warehouseman to say, "Here is Bob Poage, who never bought a pound of steel in his life and he offers me three times the regular price for the steel. Why should I hold it to sell to Harold Cooley who has been buying steel from me all along and who I know will not pay me but a third as much? Why should I hold it for him? Why should I not let Poage have the steel and then tell Cooley that I do not have any?" That temptation is always there. But even if the warehouseman resists that, then in comes a new industry and the warehouseman believes this new manufacturer will be a good customer for a long time and he

thinks that he had better put him on the books now and perhaps gain a good customer. So he does not put him on as a new man.

Mr. FLEISCHMANN. I think there is probably some of that. I should remind you, sir, that even if we felt that such a regulation, which I shudder to think about—but it might be necessary—even if we decided it would be workable, we could not do it the way you suggest, because Congress has enacted in the Defense Production Act the statement that we must take care of new businesses in any allocation system. We have to do that whether we want to or not.

Mr. POAGE. You have to allocate a certain percentage for it?

Mr. FLEISCHMANN. You have to do that.

Mr. POAGE. But you could allocate a certain percentage for new business and say that old business would get that much less percentage.

Mr. FLEISCHMANN. Yes.

Mr. POAGE. Let us look into the distribution of farm machinery. In the first place, it is not going to be worth anything for this year when you get a program set up in July. I am not in the farm machinery business, but I cannot believe that there is a manufacturer in this country who can get steel in July and convert it into anything that the farmer can use and get it onto a farm, during the farming season of 1951. So that any program you are talking about is a 1952 program, as I understand it.

Mr. FLEISCHMANN. I do not think that is true, for this reason: We are going to get them some for June. I do not know that I made that clear. We will get them some for June, I repeat. I believe that they will be able to translate at least a part of that into equipment that will be usable.

Mr. POAGE. Is not a substantial part of that going to be wasted for the very reason that Mr. Cooley suggested a while ago when he pointed out that there was a certain manufacturer with a number of corn pickers that he could not put chains on because he could not get them? Is not every manufacturer who has considerable doubt about his ability to get the needed material in April, May, or June going to simply say, "I cannot afford to run this plant here, and I cannot afford to tie up my money in buying the things that I can get, if I cannot get some of the things that are necessary to make a complete product; I cannot afford to keep this payroll going, and I cannot afford to carry this inventory unless I have some assurance that I am going to be able to complete the product and move it out and get my money out of it"?

So is not the result going to be that pending the operation of your program in July that at least a very substantial portion of the productive capacity will close down?

Mr. FLEISCHMANN. I do not believe so, sir, based on my experience.

Mr. POAGE. Why do you say it would not?

Mr. FLEISCHMANN. Because out of 1,600, approximately, I think, manufacturers of farm equipment, I have not heard of any. There may be some who plan an actual shut-down. I think some of them will reduce their operations in accordance with the steel that they have on hand.

To answer Mr. Cooley's question, I want to make this perfectly clear: That to the extent that there are cases where there are completed or semicompleted farm machinery which lack a small item, such as steel, I cannot emphasize too strongly that we will give every con-

ceivable type of emergency help that is in our power to complete that. If we have not, that is a mistake.

Mr. ABERNETHY. You say you will give every conceivable type of help that is within your power. Is it not within your power to remedy that situation today?

Mr. FLEISCHMANN. Only in this respect: I can, of course, tell the steel mills to shut down tomorrow and change their production schedule. Nobody would think that was advisable.

Mr. ABERNETHY. It would not be necessary to have the steel mills shut down tomorrow to supply this manufacturer with 1,200 chains.

Mr. FLEISCHMANN. I do not know if they could be supplied. We certainly will do it. We will do everything that we can to remedy spot situations like that. If we have not, as I say, it is a mistake, because, obviously, that does not make any sense to have a completed machine lacking a chain.

Mr. POAGE. What about the situation of one of the small fabricators in my district who makes cotton stalk cutters? I do not know that he has any machines completed that are waiting, but he told me the last time I talked to him that he could get most everything except the blade, that he could manufacture the rest of the machine but that he has to have, of course, a tempered steel in that blade, and, of course, there was no use in fabricating the rest of the machine until he could get the blade. I confess that I do not know just what he has done, whether he has closed down or not. The last time I talked to him he indicated that he was going to close down.

Would you go so far as to say that you would try to help that man get a particular type of steel that he knows is going to be in short supply, where he thinks he can get the rest of the material if you could give him some help on a few hundred blades?

Mr. FLEISCHMANN. We are going to try, as I say, to help all of the farm equipment manufacturers. I do not see that we will be able to give over-all assistance before the month of June. We can make spot assistance available in certain cases.

Mr. POAGE. I am talking about spot assistance.

Mr. FLEISCHMANN. I do not know. I would have to see his requirements. A blade would certainly require alloy steel, to begin with. They are set up at least 60 days before the actual melt because of the alloying elements that have to be varied in each particular operation. Provided that we could find the alloy steel that he would need I would regard that as our duty to try to help him.

Mr. POAGE. That is one of the things you would try to help on, you think?

Mr. FLEISCHMANN. Sure, we would try to help it.

Mr. POAGE. That is fine. I want to ask about this distribution. You do not have, as I understand it, an agency set up to distribute—that is to say, this man gets so much steel and this man gets so much; they just have to go into the market and each one tries to induce the processor or the warehouseman to sell him, instead of selling somebody else, which, of course, is going to lead to black-market operations. I cannot see how it can be avoided.

Mr. FLEISCHMANN. We have given certain of this help in limited areas, as I have told you—the cotton gins; we have given that help to them.

Mr. POAGE. In making the distribution could you not take advantage of the Department of Agriculture right now; that is, if you say that you determine so many tons of steel could be used for agricultural purposes, instead of setting up another agency, why not let the Department of Agriculture distribute it? Nobody is asking for that power. I do not know that they would want to do it.

Mr. FLEISCHMANN. I do not think they want it. I am speaking now somewhat from my memory of the negotiations. I think that they decided that the best way to do it was to set up—and I have described the difficulties we have had through the death of Mr. Newton—a strong machinery, that is, Farm Machinery Division in the National Production Authority, and then that they would work jointly with the Department of Agriculture.

Mr. POAGE. It may be very true that has been their decision in respect to that. I do know that it was their decision that they had an agency set up and in being that could more equitably and more efficiently distribute any amounts of copper and electrical equipment that you could supply to the REA cooperatives than you can set up a new agency to do it. In that I know that they do have that agency in existence. I know that if you will make the decision merely as to what portion of the total amount is to go to those agencies, rather than have them set up a new agency to find out which one of these REA-financed cooperatives will get the wire, you could simply say that "here is a thousand tons; you distribute it." I know that your agency has said, "No, we are going to set up a new agency; we will get new experts, we will get new people, we are going to have new hearings, we are going to go through all of this thing you have been going over for years; we will do it again." And that is going to take months. I am not questioning your sincerity on it, but I am saying that I know that that is going to take time, and when you get through you will have a new bunch of people dealing with these folks, rather than having the folks who have already done the dealing.

I am not asking you to give them one pound more of copper. I am not suggesting that you should give them one more pound.

Mr. FLEISCHMANN. May I answer that?

Mr. POAGE. I would like you to answer it.

Mr. FLEISCHMANN. You have the wrong man. I know about that quarrel. It is not a quarrel between me and the REA. It happens to be, if it is a quarrel, a matter for the Department of the Interior. I am in the Commerce Department.

What has happened is this: Secretary Chapman with, I believe, the approval of the President, set up in the Interior Department, not in the Commerce Department, what is known as the Defense Electric Power Administration which was charged with the responsibility for promoting the electric power needs of the United States.

Now, from time immemorial in the past World War II there has been, naturally, an allotment of copper and aluminum and steel for that purpose. As I understand the difficulty, the REA wants the Defense Electric Power Administration, Mr. McManus, appointed by Mr. Chapman, to take out of the allotment which they get for electric power industry X tons of steel, copper, and aluminum and turn that over to REA and say, "This is your part of this and now the Agriculture Department, the REA should divide that up."

I do not like to duck an argument or fight, but this is one that I am not in, for which I say, "Many thanks."

Mr. POAGE. All right. I bring it up because the same question is involved here, possibly, on this distribution of farm machinery.

Mr. FLEISCHMANN. Yes, sir.

Mr. POAGE. Although I never heard that the Department of Agriculture said that they wanted to distribute farm machinery. Nobody has ever suggested that.

Mr. FLEISCHMANN. May I clarify that one point? They do distribute the farm machinery. That is by Presidential directive. In other words, the Department of Agriculture has the responsibility of allocating farm machinery.

Mr. POAGE. The fabricating machinery?

Mr. FLEISCHMANN. The finished machinery.

Mr. POAGE. I was inaccurate in what I said there. I meant the distribution of the steel to the manufacturer.

Mr. FLEISCHMANN. They have not done it, because I presume they do not consider it necessary. It is not that tight yet, but they do have that authority.

Mr. ANDRESEN. Will you yield?

Mr. POAGE. Yes.

Mr. ANDRESEN. Is it necessary to go through the Department of Agriculture division to get consideration on an allocation of critical material before you can allocatte it?

Mr. FLEISCHMANN. Let me make a distinction. On these individual cases such as was mentioned by the chairman, it is not. They can come to our Farm Equipment Machinery and we will help them.

Mr. ANDRESEN. I have in mind a particular one, a manufacturer in my area, who makes road graders for county roads. That is to take care of the farm to market roads.

Mr. FLEISCHMANN. They would not go to the Department of Agriculture at all. They would come direct, in that case, to our Construction Machinery Division.

Mr. ANDRESEN. Of course, as I see it, if the gentleman from Texas will permit, we have been in the war for 9 months and we have all of the time talked about having a war that is going to last from 10 to 30 years. It seems to me that somebody has been very derelict in getting coordination on these different things that are necessary for the war effort and for our civilian economy.

To me food is just as essential as guns. You have to have food for the Armed Forces. And while the guns and tanks and such-like come first, you must have food to go along with it. So that whether it is the Department of Agriculture that has been negligent in not pressing for——

Mr. FLEISCHMANN. They have not; no, sir.

Mr. ANDRESEN. For an allocation of critical material or somebody else, somebody has not recognized it.

Mr. FLEISCHMANN. Well, sir, you will pardon a frank expression of a difference of opinion on that subject. I think the record is perfectly extraordinary, because I keep comparing it with what happened under World War II. In the space of 8 or 9 months we have encompassed a job that took 2 to 2½ years to do in World War II and we have done it with about a tenth of the people. Of course, I take

a certain pride in it, but I think it is extraordinary as an achievement and I think if I could sit down with you for a couple of hours I could demonstrate it.

Mr. ANDRESEN. I agree with you that it is extraordinary, but I do not think that any governmental agency can run the economy of the country.

Mr. FLEISCHMANN. Well, I sometimes agree with that and I would just as leave be doing something else.

The CHAIRMAN. What kind of a showing does an applicant have to make to get what is known as a DO number or order?

Mr. FLEISCHMANN. We use the DO system for two or three different kinds of things. I will very briefly describe them.

In the first place, the military, as I said—that is the priority system. The military has the right to use the DO. That is one operation. They have that right to assign a DO rating.

Secondly, we have allowed all industries to use this DO rating automatically to get what we call MRO—maintenance, repair, and operating supplies.

This baling wire would be an example. I did not think of it when you mentioned it, but they could use the DO rating now.

That has only been in effect about a month, I think—maybe 3 weeks—but they could use that rating to get things like baling wire.

We distinguish between what we call MRO from production material—in other words, the steel that goes into the finished machinery, they cannot use the DO to get that, but the wire on the hundred and one different items that you need to keep a plant going, they can use the rating to get that.

The reason that they cannot use it to get the material that goes into the end product is, of course, that would be the total requirements of the industry of the United States, and if everybody automatically applied the rating to get all of the material that he wanted we would have exactly the situation we had in World War II.

The CHAIRMAN. What is that maintenance, repair, and operation to cover; something like when a sawmill breaks down?

Mr. FLEISCHMANN. That is the kind of thing.

The CHAIRMAN. Under that DO order number they can get a repair part?

Mr. FLEISCHMAN. They can get a new blade or whatever that might be; yes, sir.

The CHAIRMAN. Do they have to file any formal application?

Mr. FLEISCHMANN. They do not have to do anything, except to stamp it.

The CHAIRMAN. Where do they get that stamp?

Mr. FLEISCHMANN. They do it themselves. They type it on. We certify it.

The CHAIRMAN. They put it on there?

Mr. FLEISCHMANN. They do not have to go near us.

The CHAIRMAN. They just have to show that it was for maintenance, repair, and operation?

Mr. FLEISCHMANN. Their conscience is their guide.

Mr. POAGE. Can the warehouse get a replacement of that amount of steel?

Mr. FLEISCHMANN. Yes, sir.

Mr. POAGE. A 100-percent replacement?

Mr. FLEISCHMANN. You are asking me very detailed questions about one of our orders of which we now have many, and I will reserve the right to correct anything I say in the transcript, if it is not accurate on a detail.

The CHAIRMAN. That 80-percent provision is not applicable to the maintenance, repair, and operation, though; is it?

Mr. FLEISCHMANN. I think not, sir. I will have to check that.

The CHAIRMAN. There is one other thing that is not primarily related to agriculture, but it is to the civilian needs. I had a man in my office yesterday who wants steel to make bedsprings. He wants to contribute to the comfort of the human family, both in and out of uniform. He had a fire that destroyed all of his inventory of material. He arranged for another building. He has about 150 workers. He has to build up that inventory.

Have you a provision in the law which would regard that as a hardship case and could you make some allocation to him?

Mr. FLEISCHMANN. No, sir; I do not think so. The situation of the bedspring manufacturer, to take an example, is almost typical of the kind of insoluble problem which you need the wisdom of Solomon to solve, and I do not claim to have it, unfortunately.

You can see that there are these more important programs which just have to be taken care of, like the kind of thing we have been talking about this morning. All of that means that there is going to be preempted this indispensable supply of steel, up, in certain items, to as much as 60 percent in structurals and plates, and in many other items right up to 40 and 50 percent. That means that the civilian manufacturer, like the bedspring man and the automobile man and all of the rest, just because 2 and 2 make 4, will only have 50 or 60 percent of what he had a year ago.

Mr. POAGE. It happens that in my district a part of a cotton-oil mill burned recently. That mill cannot operate next fall without replacing that. It was largely the seed house and the blowers that were burned up. If you can replace that, the mill can operate. Certainly it is essential to the civilian economy and I think that that plant should be operating. Can you give them any special help or kind of treatment to replace that loss due to the fire?

Mr. FLEISCHMANN. Yes, sir. I think that would be the kind that we should help; yes, sir.

Mr. POAGE. What can you do for them? Can you give them one of these orders?

Mr. FLEISCHMANN. You can have them write a letter and send that letter over to me and I will see that it is taken care of.

The CHAIRMAN. As to the bedspring manufacturer he will have to operate on his 80 percent allocation and cannot do anything to replace the destroyed stock?

Mr. FLEISCHMANN. I do not know as I heard the full case. Would you repeat it again?

The CHAIRMAN. This man was manufacturing bedsprings. The entire business was destroyed by fire. In the building he had a stock of steel wire for the springs, I suppose. Now he has set up and is ready to go ahead.

Mr. FLEISCHMANN. He does not have any steel at all?

The CHAIRMAN. His stock has been destroyed. It seems to me that would be a hardship case.

Mr. FLEISCHMANN. I did not understand about the fire. I thought you said he was just building a new plant.

The CHAIRMAN. It was destroyed by fire. He has 150 men out of jobs.

Would it not be possible under some sort of a hardship provision for him to make an appropriate showing and get an allocation which will let him keep these men employed?

Mr. FLEISCHMANN. As you can understand, I cannot decide individual cases very well.

The CHAIRMAN. I am not trying to get you to answer a definite question right now.

Mr. FLEISCHMANN. With the element of fire in it we naturally take a different look at it, because that is a peculiar personal hardship which it is our duty to try to alleviate.

The CHAIRMAN. Not only a hardship on the manufacturer, but on his workers who are thrown out of jobs.

Mr. FLEISCHMANN. That is right. You understand that the amount of assistance might be limited, but we would certainly try to help that. That is what we are here for. That is why we are spending our time on that. I did not understand the element of fire in it before. If you will send cases like that over we will certainly take a sympathetic look at them and try to help.

Mr. ABERNETHY. Is the controlled-materials plan going to apply to all steel for defense and for defense-supporting industries; will it cover all steel and only in defense-supporting industries?

Mr. FLEISCHMANN. Let me answer that this way. There has not yet been a firm decision made to have the controlled-materials plan in operation.

Mr. ABERNETHY. In other words, it has not as yet been determined whether it will apply to all users of steel?

Mr. FLEISCHMANN. I think that is a fairer way to put it. I think I can tell you, if you would like to know.

Mr. ABERNETHY. All right.

Mr. FLEISCHMANN. I think it will not under any circumstances apply to all users of steel. And I want to tell you the reason for the record.

We have a limited emergency, as I see it, and we do not want to build up vast governmental agencies to take care of it and have everything in the world regulated for 10 or 15 years. Therefore, it is our theory that you should regulate to the absolute minimum. We plan to use the controlled-materials plan, or something like it, to take care of the indispensable needs of the country. That would include the defense, the kind of things we have been talking about this morning, agriculture, utilities, and all of the rest.

There will then be, if we use such a plan, a free area of steel and copper and aluminum where, within reason, there can be competition for it. That area of competition we hope to regulate to the minimum. We do want to say that the automobile manufacturer cannot get all of that steel, because the bedspring manufacturer has to get some of it, and many other people in essential industries have to get some, but we are not going to try to make everybody in the United States who wants a pound of steel come in and sign a certificate.

Mr. HOPE. Will you yield right there?

Mr. ABERNETHY. Yes, sir.

Mr. HOPE. In that connection does that mean that the man who is operating in a field in which the controlled-materials plan applies will have to get all of his steel through that plan, or can he go out and compete with the other fellows, the bedspring manufacturer, we will say, or the toy manufacturer, or somebody else, who may be in a different field and take some of his steel away from him?

Mr. FLEISCHMANN. No; generally speaking, the controlled-materials plan, if we have it, will be an option plan, in this sense: you can either operate under it or not, but if you do operate under it, by the same token you must take the steel that is allotted to you and not fight with somebody else, with the fellow who is not in it at all.

Mr. ABERNETHY. Mr. Fleischmann, to sum up your testimony, the controlled-materials plan will not go into effect until July or thereabouts?

Mr. FLEISCHMANN. If the decision is made to have one. We could not have it before July 1.

Mr. ABERNETHY. Not before July?

Mr. FLEISCHMANN. Yes, sir.

Mr. ABERNETHY. Then to sum up your testimony, and I do not say this in any criticism, because I realize that you people have a terrific job, but there is not too much being done right now to channel steel to essential industries between now and that time, is that a correct assumption?

Mr. FLEISCHMANN. I would not agree with that. We are engaged right now, and I think you, perhaps, would like to hear Mr. Anshen on the subject—in trying to channel steel to the over-all farm machinery industry for June.

Mr. ABERNETHY. To put it in the reverse, are you doing anything to channel it away from so-called nonessentials?

Mr. FLEISCHMANN. Yes, sir; we have restricted the use of steel by automobiles and all other consumers, durable goods, by 20 percent beginning April 1.

Mr. ABERNETHY. Beginning when?

Mr. FLEISCHMANN. April 1.

Mr. ABERNETHY. Has your department or that of Mr. Harrison made any determination as to the amount of steel that will be required this year to meet the food and fiber goals fixed by the Department of Agriculture?

Mr. FLEISCHMANN. No, sir.

Mr. ABERNETHY. Well, without being critical, do you not think that the time of approaching that has come?

Mr. FLEISCHMANN. That will be done in the first go-round of the requirements. We have not been able to get the requirements yet.

Mr. ABERNETHY. Have you made any determination as to the amount of steel that agricultural implements ordinarily require annually?

Mr. FLEISCHMANN. Well, we have some figures as to the consumption of steel, copper, and aluminum by such manufacturers during the past 2 years; yes, sir.

Mr. ABERNETHY. Can you now call to mind the amount of steel that agriculture ordinarily consumes in implements?

Mr. FLEISCHMANN. I would not know it.

Mr. ABERNETHY. My information is that it is only about 3.8 percent of the entire output which is small, although I realize that there are numbers of users of steel who use only a small percentage of the overall output. Am I correct in assuming or in saying that based on the early part of your testimony, your agency and Mr. Harrison's and Mr. Wilson's now regard agriculture as highly essential to the defense of the country?

Mr. FLEISCHMANN. There is not the slightest doubt, sir.

Mr. ABERNETHY. Not the slightest doubt. All right. At the policy-making levels in your agency, who represents agriculture?

Mr. FLEISCHMANN. I believe, as I said, it is Mr. Trigg in Mr. Harrison's agency. We have this Requirements Committee. Mr. Harrison's job is to divide the available supply of steel.

Mr. ABERNETHY. When you have to make a policy decision which affects agriculture whom, if anyone, does Mr. Harrison, you, and Mr. Wilson consult?

Mr. FLEISCHMANN. Mr. Trigg.

Mr. ABERNETHY. And he was designated by the Secretary to speak on questions of policy within your agency?

Mr. FLEISCHMANN. That is correct.

Mr. ABERNETHY. His voice is king so far as agriculture is concerned within your agency?

Mr. FLEISCHMANN. His voice is not only king, but very persuasive, as you know, if you know Mr. Trigg.

Mr. ABERNETHY. I hope it is.

Mr. FLEISCHMANN. There is no doubt about it, sir.

Mr. ABERNETHY. What divisions, if any, have been set up within your agency or Mr. Harrison's with regard to the machinery, insecticides, fertilizers, and so forth, all of which are directly related to agriculture?

Mr. FLEISCHMANN. You understand when I inherited this organization from the Commerce Department which had quite a different mission and quite a restricted authority, we took over what was called the Machinery Division and we started out to analyze the problems of American industry and agriculture and all of the rest, and when we got that done we reached the conclusion that farm equipment ought to have a separate division because of our feeling of the essentiality of that need.

Mr. ABERNETHY. Of course, these other materials are just as essential to the food and fiber as machinery.

Do you have a division, a Chemical Division?

Mr. FLEISCHMANN. We do have a Chemical Division.

Mr. ABERNETHY. In regard to fertilizer needs?

Mr. FLEISCHMANN. Yes, sir.

Mr. ABERNETHY. I understand that an allocation of sulfur to the extent of about 30,000 tons has recently been approved for export to England.

Mr. FLEISCHMANN. Yes, sir.

Mr. ABERNETHY. Did that come through your Department?

Mr. FLEISCHMANN. That decision was made by Secretary Sawyer and Mr. Harrison jointly. Mr. Nichols is here and he knows all about it. I do not know much about it.

Mr. ABERNETHY. Is that in addition to the previously scheduled exports for sulfur?

Mr. FLEISCHMANN. I think that the decision is, but I would rather have Mr. Nichols speak. I think the decision was that is to be made up out of subsequent scheduled allotments.

Mr. ABERNETHY. Mr. Nichols, would you like to answer that?

Mr. NICHOLS. Mr. Fleischmann is right, Mr. Chairman, in stating that the decision, apparently, to increase the export quota established by cooperation with ECA with ECA countries——

Mr. ABERNETHY. The export quota of sulfur then would be increased over what it was?

Mr. NICHOLS. For the first 6 months for ECA countries was increased 30,000 tons.

Mr. ABERNETHY. That would make the total exports amount to what?

Mr. NICHOLS. For ECA countries approximately 430,000 tons for the first half. However, General Harrison stipulated in his release in cooperation and collaboration and approval of Secretary Sawyer, since he is the authority over export control, that they could look forward, or, it was understood, rather, that the quota now established or believed to be the quota for the last half of 1951 would be, approximately, reduced, in other words, 370,000 tons, approximately, for the last half of this year.

Mr. ABERNETHY. Was the order officially entered reducing the exports for the last quarter?

Mr. NICHOLS. No, sir; for the simple reason that the quota is not officially established even for the last half. Secretary Sawyer is not assured that they will get even 370,000 tons, for the last half of this year. Bear in mind, sir, that the quota for exports has been substantially reduced from last year.

Mr. ABERNETHY. Were officials in the Department of Agriculture consulted with regard to this particular quota? And if so, whom?

Mr. NICHOLS. I could not answer that, sir. That was Secretary Sawyer's Department with, I believe, the Office of International Trade.

Mr. FLEISCHMANN. Would you like us to find that out?

Mr. ABERNETHY. Yes. You appreciate the situation with regard to the production of phosphate, which is very essential and which is now quite short and getting shorter.

Mr. FLEISCHMANN. I think the committee might be interested in hearing from Mr. Nichols what additional we have done looking toward decreasing the exports of sulfur in the immediate future. There is quite a little additional story about this, if you want to hear from him now or later in the day.

The CHAIRMAN. Going back for 1 minute to this maintenance order, is there any momentary limitation upon the amount that may be expended for repairs?

Mr. FLEISCHMANN. Yes, sir.

The CHAIRMAN. Is that limited to some normal figure?

Mr. FLEISCHMANN. What we have is this, and we are reviewing it now to see whether it is right, and, again I would like to reserve the right to correct the figures if I am in error. The MRO order limits the person's expenditure on that item to 100 percent of what he spent approximately in the corresponding quarter of last year. What is troubling us now is this: Prices have gone up so radically in the

past year that what would ordinarily be enough now would not buy the same quantity of goods. We are thinking, therefore, of increasing that permission to compensate for the price factor.

The CHAIRMAN. It seems to me that you would have to do that. Suppose a man operated very successfully in 1949, we will say, and did not have any breakdowns, but later he breaks the carriage and needs something to repair it. Just because he did not need that same thing in 1949, he would be penalized, would he not?

Mr. FLEISCHMANN. We know that, sir. You can understand we have to have some general rule.

The CHAIRMAN. In other words, your limitation is to prevent an unreasonable expansion?

Mr. FLEISCHMANN. That is what the purpose of it is.

The CHAIRMAN. So long as he could show in good faith that he needs it for repair purposes he would not have any trouble?

Mr. FLEISCHMANN. We have a whole division to take care of hardship cases under MRO regulations.

Mr. HOPE. In the early part of your statement I got the impression, right or wrong, that you had determined or General Harrison had determined that there would be a controlled-materials plan going into effect July 1. Now in the latter part of your statement I get the impression that is not definite.

Mr. FLEISCHMANN. Let me clarify that. I am sure that I did leave that in some confusion.

The controlled-materials plan, as you know, is a name that was given to a certain operating procedure that was developed during World War II of which the outstanding characteristic was that you divided up requirements on a quantitative basis in the way that I have described.

General Harrison has not said, nor have I intentionally, that we are going to adopt exactly that plan for the third quarter. That is under consideration today. And if General Harrison was not sick I would be with him this noon trying to nail down all of that.

I think it is quite clear that we must have and will have something very much like the controlled-materials plan in operation by the third quarter. We might call it the XYZ plan or something else, and it might be, as the chairman has asked me about, it might include a greater or a lesser degree of steel, copper, and aluminum, but something like that plan will, certainly, have to be used if we are to take care of these essential programs.

Mr. HOPE. And what you just now said or what you said any time during the course of your statement, does not modify in any way your program for June?

Mr. FLEISCHMANN. No, sir.

Mr. HOPE. You will have something in June.

Mr. FLEISCHMANN. That we are going to do.

Mr. HOPE. And as to the period between now and June you propose to give what assistance you can to individual cases?

Mr. FLEISCHMANN. Yes, sir.

Mr. HOPE. To take care particularly of those types of products which can be made this year?

Mr. FLEISCHMANN. The cotton gin is a good example. When the figures were brought in to us about 2 weeks ago we put two or three men to work on that specific problem. I will not say that we have

solved it, because you cannot completely solve these things, but we have given them considerable help and I think it is on its way to solution.

Mr. HOPE. Obviously, you cannot take care of a large number of individual cases, can you, in that way?

Mr. FLEISCHMANN. Well, we do take care of a pretty large number, sir. The problem is a different one. If we just give them a DO rating, let us say, of the kind you have heard of to use, that does not help them much for April or May, because of this lead-time factor involved. They serve that on the mill and they do not have to honor it. So you have to go to much greater pains and trouble in order to help the fellow, as you could see, in April or May, than you do in June. In June you can do it systematically. In April or May you have to scout all over the United States trying to find a little steel with which to help an individual.

Mr. HOPE. The farm machinery manufacturers, large or small, can on the basis of what you are setting up now in the way of a program, count on having a system set up by June that will give them a definite allocation of materials that they can actually get?

Mr. FLEISCHMANN. Yes, sir; I think so.

Mr. ANDRESEN. Of course, we have many individual problems. Is it your thought that to get attention on those problems we can submit a proposition to your agency?

Mr. FLEISCHMANN. That is what we are there for. I do not guarantee we will always do it, but that is the whole concept of our operation.

Mr. ANDRESEN. You will have a lot of problems.

Mr. FLEISCHMANN. I was careful to say that I do not know that we always will be able to solve them, but I am sure that we will not in every case, but that is what we are there for.

Mr. ANDRESEN. May I suggest this, that at a later date, these other gentlemen who are here might be heard from.

Mr. ABERNETHY. Yes. First, Mr. Fleischmann, I want to express the appreciation of the committee for your appearance. We realize we have called you away at a busy hour. Our hours are busy, too. We thank you for coming up. We regret that General Harrison was unable to be with us this morning.

In view of the business that is on the floor of the House at this hour, we will resume the hearings at some later date.

The committee will stand in recess subject to such notice as will be given at a later date.

(The following letter from Hon. Edwin E. Willis, of Louisiana, was submitted for inclusion in the record:)

HOUSE OF REPRESENTATIVES.
Washington, D. C., March 27, 1951.

Hon. THOMAS G. ABERNETHY,
House Committee on Agriculture, House of Representatives,
Washington, D. C.

DEAR TOM: I am glad to know that the special Agriculture Committee of which you are chairman is conducting hearings in connection with the supply of steel to the small farm machinery fabricators.

These hearings come at a most opportune time. It happens that I have just received renewed complaints from such small firms in my own district.

As you know, I represent the sugar belt of Louisiana, where almost all of the mainland sugar is produced. The Thomson Machinery Co. of Thibodaux, La., has

pioneered in the development and manufacture of sugarcane machinery for 25 years. They are about the only firm I know of which manufactures a complete line of machines for the planting, cultivating, harvesting, and transportation of sugarcane. In August of 1950 they submitted to their three historical steel suppliers an estimate of their steel requirements for the current year, amounting to approximately 2,500 tons. Up to this time, despite all possible efforts, they have only been able to obtain commitments for 328 tons, against their total requirement of 2,500 tons.

Daniel Jeffrey & Sons, Inc., of Jeanerette, La., have been in business for over 50 years. They specialize in fabricating parts for the repair and maintenance of sugar mills, in addition to their normal run of service to oil companies, municipalities, and so on. They have practically been put out of business because of the failure of the people they used to do business with to treat them with fairness in connection with their steel requirements.

It goes without saying that I am very much interested in the welfare and prosperity of these two typical firms, but the problem is much deeper than that, as you well realize, because the very existence and lifeblood of the Louisiana sugar industry is dependent upon the Thomson and Jeffrey companies and others similarly situated.

As a member of the Special House Committee on the Study of Monopoly Power, I find that the above pattern holds true in connection with all critical materials. We held hearings on steel and aluminum. One of the serious problems is the practice by large integrated steel and aluminum firms to "feed" their own fabricating subsidiary plants at the expense of independent fabricators, whenever the supply is short. Some of the witnesses described this situation as a "dog in the manger" story.

In his testimony before a Senate committee yesterday, Mr. Manly Fleischmann, National Production Authority Administrator, said that the role of small business in getting needed materials on a fair basis is "the greatest unsolved problem before the NPA." I know that the small farm machinery industry in the United States can count on your sympathetic cooperation, and I am personally confident that out of your hearings will evolve a solution of this problem.

I would appreciate it if you would make this letter a part of the record in the hearings.

Very sincerely,

EDWIN E. WILLIS, *Member of Congress.*

(Whereupon, at 12:30 p. m., the committee recessed, subject to notice.)

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